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NEWS SUMMARY

...tional ...y ...ke ...eatened

...dt to all ferry services ...stal shipping was ...l yesterday in support ...s occupying the two ...Belfast ferries.

...'s leaders and ...meeting in Liverpool ...would call a strike ...ries and coastal ships ...heir union ordered ...on P & O ships to ...sail from their next ...ll. Page 13

...cil reprieve

...ernment finally aban... ...roposals for referen... ...limit local authority ... But it has not yet ...alternative. Page 12

...sives—2 held

...were being questioned ...ectives after being ...t a service area on the ...Coventry in a car ...ntained gelignite.

...ison beaten

...Robinson, sacked BL ...was beaten by AUEW ...Terry Duffy's brother ...an election for a local ...st. Page 13

...leader shot

...Bank Arab leader ...as an Israeli collabo... ...s wounded and his son ...en Palestinian gunmen ...their car. Page 4

...warning

...hairman Pat Lowry ...hat Britain could soon ...run of the severe indus... ...bles of the early 1970s.

...an attack

...helicopter gunships ...ets and dropped anti... ...mines close to two ...camps in northern

...criticised

...many's film makers are ...ticised for trying to ...rather than make ...ecting pride in the ...lass. Page 3

...y suicide

...man hanged himself ...ving a note to his ...aying he was going ...ok for a job, a Mersey... ...st was told.

...nity bid

...ign ministers gave a ...but polite welcome to ...man and Italian pro... ...ned at eventual Euro... ...on. Page 2

...eadlocked

...urity Council failed ...er eight more ballots ...between Kurt Wald... ...l Salim Ahmed Salim ...ost of secretary general.

...ng price rises

...eues formed at tobacco ...r shops in Peking after ...hinese Government ...d midnight price rises ...40 per cent.

...wind study

...is to provide one of ...ellites, at a cost of £2m, ...984 Anglo-U.S.-German ...periment to study the ...d.

...pot

...pot an Oxford farmer ...cted from pieces found ...nd has turned out to be ...wine jar worth up to

...y...

...escaped with £25,000 ...Orpington Kent bank. ...olice detained 17 after ...1 lb of heroin in bags ...prawns.

BUSINESS

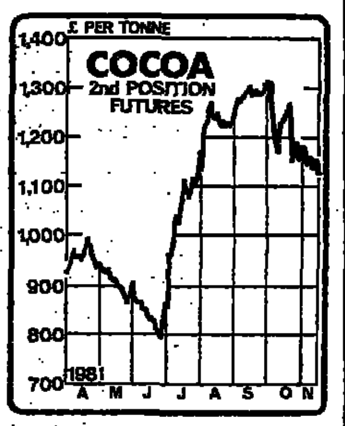
Sterling off 2c; gilts easier

● STERLING fell 2 cents to $1.8935, and to DM 4.2675 (DM 4.2875), FFr 10.765 (FFr 10.7875) and Y425 (Y431.5), but rose to SwFr 3.415 (SwFr 3.3725). Its trade-weighted index was 90.2 (91.3). Page 27

● DOLLAR trade-weighted index rose to 107.3 (106.9). It improved to DM 2.2525 (DM 2.239), FFr 5.6875 (FFr 5.6375), and SwFr 1.8025 (SwFr 1.7625), but fell to Y224.5 (Y225.4). Page 27

● GILTS reacted as hopes of lower interest rates were tempered. The Government Securities index fell 0.34 to 63.96. Page 30

● EQUITIES rallied on a bear squeeze. The FT 30-share index rose 4.6 to 508.3. Page 30



● COCOA March futures price fell £18 to £1,129.50 a tonne in London—the lowest for 16 weeks. Page 29

● WALL STREET was up 3.05 at 848.08 near the close. Page 28

● GOLD fell $5 to $399.5 in London. In New York, the Comex November close was $404. Page 27

● PARIBAS, French banking and industrial group, is expected to be headed by Treasury chief Jean-Yves Haberer. Back Page

● DE LOREAN Motor president and chief executive Gene Cafiero resigned. Back Page

● SIR FREDDIE LAKER may have to reduce his 90 per cent shareholding in his airline. Page 8

● MIDLAND BANK has arranged loans worth £157m for Plateau state, Nigeria, backing a UK export package. Back Page; Details, Page 6

● CITY of London has more than twice as many foreign banks as it had 10 years ago. Page 8

● STOCK EXCHANGE said the collapse of stockbrokers Norman Collins cost it nearly £1.5m. Page 10

● CHILE faces a current account deficit of $4bn (£2.1bn) this year, 250 per cent up on last year. Page 6

● FORD is consistently failing to hit output targets at Halewood, Merseyside. Page 9

● CITY OFFICES rejected a £36.5m reverse takeover bid from Greycoat Estates. Back Page and Lex

COMPANIES

● LLOYD'S BANK International boosted pre-tax profits for the year to end September by 87 per cent to £120.6m. Back Page

● TESCO STORES (Holdings) improved pre-tax profits from £13.8m to £14.6m for the 24 weeks ending August 15. Page 20; Lex, Back Page

● UNILEVER boosted pre-tax profits 19 per cent in the third quarter to £179.3m. Page 20; Lex, Back Page

● SAVOY HOTEL reported pre-tax losses of £1.27m (£837,000) for the first half. Page 20; Lex, Back Page

PRICE CHANGES YESTERDAY

(...n pence unless otherwise indicated)

RISES			
...	207	+	5
...der	325	+	20
...es	131	+	21
...ls	66	+	3
...	184	+	8
...	66	+	4
...M.)	165	+	7
...oss	110	+	8
...	740	+	13
...Sims	45	+	5
...	290	+	7
...ank	408	+	8
...Finance	66	+	8
...	327	+	7
...surance	362	+	7
FALLS			
...12% 1986	£89¼	−	½

Exchequer 12% 1998	£80¼	−	½
Barget	160	−	8
Flight Refuelling	314	−	11
Greycoat Estates	170	−	7
Hill (Ch.) of Bristol	130	−	8
Tesco	54	−	5
Atlantic Resources	215	−	20
Kuala Kepong	46	−	5
Anglo Amer. Gold	£42½	−	1½
Ashton Mining	89	−	5
CRA	180	−	14
Hill 50 Gold	29	−	4
Impala Platinum	350	−	25
MIM	185	−	7
Malaysia Mining Cp	95	−	8
Peko-Wallsend	319	−	20
Poseidon	177	−	9
Rustenburg Platinum	215	−	20

Angry loyalists mob Prior at funeral of murdered MP

BY BRENDAN KEENAN IN BELFAST

MR JAMES PRIOR, Ulster Secretary, narrowly escaped injury at the hands of furious crowds when he attended the funeral service yesterday for the Rev Robert Bradford, the Unionist MP murdered by the IRA at the weekend.

Hundreds among a crowd of thousands stampeded, kicking and punching, towards Mr Prior as he arrived for the service at Dundonald, near Belfast. He was stuck in the crowd for three minutes as loyalists screaming "Murderer" and "Traitor" fought with police to get at him.

Security men had to cover his face to protect him before he was bundled into the building by a side door.

After the service, Mr Prior came under renewd attack as he tried to leave. This security men rushed him to his car *which had been driven close* to the church.

Angy loyalists then mobbed the car, kicking and hammering it before the Minister was driven away to shouts of "Murderer" and "Hang him."

Afterwards, Mr Ian Paisley said Mr Prior had been taught "a very salutary lesson."

When Mr Prior entered the chaurch he looked shaken by his reception, although he said afterwards he understood how people felt and ad not been hurt in any way. He also heard the congregation applaud when the Rev Roy Magee, a personal friend of Mr Bradford, called *for the reintroduction of the* death penalty fort errorists.

Government officials later said *Mr Prior's main concern had been for the Bradford family having to endure such scenes.* Many people in the church had apologised to the Minister over his treatment. Mr Prior was

Thatcher condemns Paisley threat, Page 12
Editorial Comment, Page 18

accompained by Mr David Mitchell MP, Minister for State at the Northern Ireland Office.

Unionist feeling about the killing of Mr Bradford and of part-time members of the security forces, was shown by the numbers attending the funeral and memorial services held in towns and villages acros the province. Several thousand people were at the small church and the service was relayed to them by loudspeaker.

About 4,000 people took part in a memorial service in Belfast, blocking city centre traffic for more than an hour. Workers from the Harland and Wolff shipyard and the Short Brothers aircraft factory attended.

In Larne, about 800 workers marched through the town and workers at the Ballylumford power station left only a skele*ton staff during the hour's stop*page. Their support could be crucial if loyalists cary out *their threats to make the pro*vince ungovernable.

Mr Paisley made further threats along those lines after Mr Bradford's funeral service. He said the incidents involving Mr Prior were a storm signal; Ulster people were now "over the brink." If the Government refused to heed the lesson Unionists could, among other things, withhold their taxes, rent and rates.

Mr Paisley said the existence of the "third force" would be seen in a day of protest on Monday. It is not clear what *he plans for this, but one belief* is that he will try to stage a big demonstration in a Republican area.

But Mr Paisley and other loyalist leaders seem anxious to avoid reprisal killings. Another of these took place yesterday in Lurgan, about 20 miles from Belfast, when a 20-year-old Catholic, Mr Peader Fagan, was shot as he sat in a car.

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Reagan plans disarming foreign policy speech

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan plans a major foreign policy speech today designed both to reassure Western Europe that he is genuinely a man of peace, and to draw attention away from the irksome personal incidents that have recently embarrassed his Administration.

The President, with Western *Europe as his principal* audience, is expected to put forward sweeping proposals for nuclear disarmament in Europe for negotiation in the new round of U.S.-Soviet arms control talks on medium-range missiles due to open in Geneva on *November 30.*

Officials in Washington say he will endorse the so-called "zero option," which aims to secure removal of all the new Soviet SS-20 missiles targeted on Western Europe, in exchange for the North Atlantic Treaty *Organisation's dropping its* controversial plan to deploy a new generation of U.S. Cruise and Pershing missiles as a counterweight.

Moscow has so far offered only to freeze deployment of its rapidly multiplying SS-20s in exchange for abandonment of the Nato plan.

Inclusion of the "zero option" in the American negotiating position is already official Nato policy. The U.S. seems to have embraced the idea with greater enthusiasm following a review of negotiating strategy in the U.S. National Security Council in recent days.

U.S. officials now say that the *zero option is not only accept*able but "desirable," though they add that a more limited agreement could be envisaged.

One possibility, they say, could be to stabilise the number of nuclear warheads on each side at 572, the number the *U.S. plans to deploy. But that* would mean Moscow's taking the unlikely step of agreeing to reduce its present level of medium-range warheads by 905.

Mr Reagan is said by officials to have concluded that as Moscow is likely to reject the *zero option, he has nothing to* lose by proposing it. He could even gain if the move suggested to West European opinion that it was Moscow, not Washington, that was preventing *nuclear* disarmament in Europe.

It is acknowledged in Washington that a public announcement of the proposal on the eve of the Geneva talks may anger the Soviet Union in much the same way as did the publication of President Carter's proposal for "deep cuts" in strategic weapons in March 1977, also just before talks with Moscow.

The White House has concluded, *however,* that with President Leonid Brezhnev due in Bonn next week, now is a good time to anticipate any announcement he may make there.

It also wants to give the U.S. media an issue of substance to *get its teeth into after days in* which the spotlight has been unfavourably focused on a number of leading Administration members, including Mr Alexander Haig, the Secretary of State; Mr Richard Allen, the aNtional Security Adviser; and *Mr David Stockman, the Budget* Director.

A further aim is to reassure doubting West Europeans that the Reagan Administration does *not contemplate the possibility* of a limited nuclear war in Europe, despite a series of remarks by leading officials.

Continued on Back Page

ICL wants to shed more jobs

BY GUY DE JONQUIERES

ICL, Britain's largest computer manufacturer, has called officials of its main trade unions to a meeting tomorrow, at which it is expected to propose a further 1,500 redundancies in its British and overseas operations.

The company employs more than 25,000 people worldwide, with about 18,000 based in Britain.

Implementation of the latest proposals would bring to more than *9,000 the number of jobs* the company has shed during the past year, while struggling to recover from serious financial problems.

ICL announced plans for 2,500 redundancies and a factory closure last November. A further 5,200 redundancies, of which 4,200 were in Britain, were announced *last June,* soon after the appointment of a new senior management team.

It is not known which parts of the company's operations will be affected by the latest redundancy proposals, or how they will be allocated between activities *in Britain and abroad.*

Next month ICL is due to announce its financial results for the year to September 31. It lost £50.6m (including a £14.6m special charge for redundancies) in the first half.

Though it is thought unlikely that ICL moved back into the black in the second half, it is expected to indicate that trading performance has improved recently in response to cost-cutting measures and the introduction of new products.

The company, which obtained a £200m bank loan guarantee from the Government last *March, hopes to negotiate a* capital restructuring package soon which would enlarge its shrunken equity base.

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For latest Share Index phone 01-246 8026

Lonrho to buy Princess hotels

BY JOHN MOORE

LONRHO, the international trading conglomerate headed by Mr Roland "Tiny" Rowland, is to pay $100m (£52.8m) in cash for a complete takeover of Princess *Properties International, the* Bermuda hotel company.

The amount of money involved caused surprise in some quarters of the City, and prompted speculation that Lonrho might not be able to remount a cash bid for House of Fraser, the Harrods stores group.

Lonrho bid earlier this year for House of Fraser, but its takeover intentions were referred to the Monopolies and Mergers Commission, which has just completed its study of the bid.

It is thought that the commission has made its recommendations to the Secretary *of State for Trade* on whether the bid should proceed or not.

Mr Robert Dunlop, a Lonrho director, said yesterday that "we can handle this deal standing on our heads. We have the resources readily available."

Association

Lonrho's $100m is being spent on acquiring a 50 per cent share in the hotel group *from* business interests of Mr Daniel K. Ludwig, the American billionaire.

Mr Rowland has had a business association with Mr Ludwig for the past two years, since Lonrho acquired an initial 50 per cent in *Princess.*

At the time Lonrho paid $81m in cash for its stake and issued 5m Lonrho shares to Mr Ludwig, worth then £3.6m. Mr Ludwig remains Lonrho's third largest shareholder.

For the year ending September 30 1980, pre-tax profits of the entire Princess Group, which has hotels in Bermuda, the Bahamas, Mexico and California, were $30m, and profits for the year ending September 1981 are estimated to be in line with the profits earned in the previous year.

£ in New York

—	Nov. 16	Previous
Spot	$1.9020-50	$1.9110-9113
1 month	0.37-0.30 dis	0.25-0.18 dis
3 months	0.75-0.65 dis	0.60-0.50 dis
12 months	0.95-0.75 dis	0.80-0.60 dis

U.S. recession fears push gold below $400

BY DAVID MARSH

THE LONDON gold price yesterday fell below $400 an ounce for the first time since August as fears of a protracted U.S. recession prompted further selling of precious metals.

Gold closed down $5 at $399.5 an ounce after dropping to about $395 at one point during the day, only slightly above the 21-month low of $390 reached three months ago.

Sentiment on the metals markets was also undermined by a strengthening of the dollar in spite of Monday's removal of the surcharge on the Federal Reserve discount rate.

The spot silver price in London fell to $8.15½ an ounce from Monday's $8.32¼, while platinum closed at $378.5, down from $385, after earlier touching $375. Palladium, too, was hit by selling, though base metal prices in London were generally little changed.

Interest rates dilemma, Page 10
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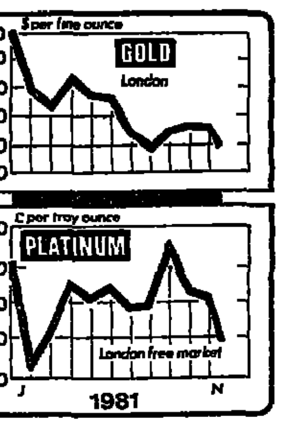
Commodities, Page 29

The dollar rose to DM 2.2525 from DM 2.2390 on Monday and also strongly gained against the Swiss franc, although it fell slightly against the yen.

Eurodollar interest rates were little changed, but the foreign exchanges were concentrating more on the possibility of interest rate cuts in Germany.

Sterling closed two cents lower in London at $1.8935, and also fell against continental currencies. Its trade-weighted index dropped to 90.2 from 91.3.



Sterling's weakness came in spite of a firming of London money market interest rates following Monday's Bank of England action to brake the recent easing in credit costs. The three-month interbank rate rose ¼ point to 14¾ per cent.

On the gold market, the price has now fallen by $30 since the beginning of the month and by $60 since mid-September.

The metal's failure to gain support from the sharp fall in U.S. interest rates and fresh *political tension in the Middle* East has led to a large-scale selling from disillusioned investors during the last few weeks, according to dealers.

The market has also been depressed by increased sales from the main two producers, South Africa and the Soviet Union, both of which are facing growing financial problems as a result of the price fall.

American bond prices fall

BY OUR FINANCIAL STAFF

U.S. BOND prices dropped sharply in early trading yesterday in the face of an avalanche of new borrowing by big companies, including an issue of bonds and notes worth $1bn (£525m) at face value for Du Pont, the largest American chemicals group.

The recent decline in U.S. interest rates has persuaded many companies to rush to the market for billions of dollars worth of fixed-interest finance. New bond or note issues were also announced yesterday for Ford ($250m), Caterpillar Tractor ($150m), ITT ($150m), Dart & Kraft ($300m), and Philip Morris ($125m). IBM is also expected to raise $250m.

Crocker National Bank, now part of the Midland Bank Group, is to raise $500m through "zero coupon" certificates of deposit (where no interest is paid but principal is guaranteed at maturity at a level substantially above the issue price).

The flood of issues was widely expected, because corporate treasurers have repeatedly been postponing their borrowing plans until interest rates showed signs of falling.

There is some concern that the sudden surge in credit demand could check the rally in the bond market, which has done so much to bring U.S. interest rates down in the past fortnight. However, Wall Street investment firms say that investor demand for corporate bonds is strong, and they believe the market will be able to cope.

Investment bankers on both sides of the Atlantic do not expect interest rates to turn up

Continued on Back Page
Eurobonds fall back, Page 24

Moscow vague on economic intentions

By David Satter in Moscow

THE SOVIET planning chief, Mr Nikolai Baibakov, yesterday failed to reveal basic details of next year's economic plan in a speech to the Supreme Soviet, the Soviet Parliament.

National income would rise about 3 per cent and industrial production by 4.7 per cent, he said, but gave no clear targets for agricultural, oil, gas, steel or coal output.

Nor was there any indication of the expected balance between heavy and light industry, an important feature of every economic plan.

Mr Baibakov said that energy production generally would increase by 2.6 per cent, noting only that nuclear energy generation, which is a very small part of total Soviet energy production, was to increase by 24 per cent.

His speech gave little idea of the state of the economy this year besides predicting that national income will have increased by 3 per cent to Roubles 450bn (£340bn) and industrial output will have risen by 3.4 per cent, one of the smallest rises since the War.

The absence of specific economic information for either this year or next may men that the Soviet leaders have not made basic decisions about the allocation of resources in the light of worsening food shortages and the prospect of a new arms race with the U.S.

Mr Vasily Garbuzov, the Finance Minister, said in his speech on next year's budget that Roubles 17.05bn (£12.9bn) had been allocated for defence. The figure is about the same as this year's but is believed to have little significance as the forces organise special lines of production and supply in every industrial ministry which produces for the military machine.

EEC PROBLEMS PUSHED ASIDE—BRIEFLY—BY 'DISTANT VISIONS'

Ten yield to lure of European union

BY JOHN WYLES IN BRUSSELS

EUROPEAN COMMUNITY Foreign Ministers yesterday took a half-hour break from their heated debate over how to reform key EEC policies in order to issue a polite wewlcome to West German-Italian proposals aiming at European union.

The contrast between present realities and future aspirations was not lost on Mr Kjeld Olesen, the Danish Foreign Minister, who asked his colleagues sceptically whether the Ten ought to be dazzled by "distant visions" when they had so many urgent problems to settle.

Broadly, the West German-Italian plan calls for a strengthening of political co-operation, *intensified consultations on the* non-military aspects of security, new forms of cultural co-operation, a strengthening of the European Parliament and the formal establishment of the thrice-yearly summits at the pinnacle of EEC decision-making.

After several delegations had promised to study the proposals in a positive spirit, and after Ireland had expressed its familiar concern to avoid involvement in security discussions, the proposals were referred to next week's summit in London. That meeting almost certainly will pass them back to the Foreign Ministers for detailed analysis.

Whether they will ever be instrumental in launching the Community towards European union could depend heavily on the outcome of the currentliy deadlocked negotiations on reforming the common agricultural policy (CAP) and restructuring the EEC budget.

After consulting his colleagues individually yesterday, Lord Carrington, the British Foreign Secretary and president of the EEC Council of Ministers, urged them to return to Brussels for more discussions tomorrow with enough political will to ensure a successful outcome at the heads of government meeting in London next week.

Speaking afterwards, Lord Carrington acknowledged the possibility of failure in London but warned that this would "do a grave disservice to the Com*munity as a whole.*"

His earlier consultations are believed to have revealed a possible agreement on how to develop existing and new EEC policies. But they also pointed up sharp differences over reforming the CAP and the absence of any consensus on how to deal with British and West German demands for limits on their budget payments to Brussels.

After a lunchtime discussion, *the Foreign Ministers also* parted without final agreement on a joint declaration explaining the proposed participation of four EEC member states in the planned peacekeeping force to be located in Sinai after Israel withdraws next April.

Greek objections to any moves which would identify the Ten too closely with implementing the Camp David agreements remained a chief stumbling block. Officials believe that the personal involvement of Mr Andreas Papandreou, the Greek Prime Minister, will now be necessary for agreement to be reached.

Energy use falls sharply

EEC GROSS domestic energy consumption showed a sharp fall of 6.3 per cent in the first half of this year following a steep 12 per cent decline in the use of oil, writes John Wyles.

The latest figures from the European Commission confirm that the energy savings this year will almost certainly be better than the 4.5 per cent fall in energy consumption achieved in 1980. Economic recession, involving a 4.4 per cent drop in industrial production this year, coupled with the fact that turndown is hitting high energy consuming industries particularly hard, appears to be the main explanation.

The fall in energy consumption, however, is by no means evenly spread across the Ten. Ireland, for example, registered only a 0.9 per cent decline in the first half and France 3 per cent. These compare with 4.7 per cent in Italy, a 7.6 per cent fall in West Germany, 7 per cent in the UK, 8.8 per cent in Belgium and 13.5 per cent in Denmark.

Overall, the drop in oil consumption was the largest factor, but gas consumption fell by 5 per cent and solid fuels by 2 per cent. Imports accounted for 48 per cent of energy supplies compared with 54 per cent in 1980 and 64 per cent in 1973.

OECD lowers growth forecast slightly

BY DAVID HOUSEGO IN PARIS

THE Organisation for Economic Co-operation and Development (OECD) is predicting a slightly lower growth rate for industrialised countries in the second half of the year than it had anticipated in July.

Officials says that the main reason for the downward revision is the recession in the U.S.

The OECD expects that second half growth for the 24 member-countries will be positive—but only just. The OECD's Economic Outlook in July predicted an annual rate of growth of 1 per cent for the second half of 1981.

The half-yearly outlook, due *out in December, is expected to* point to an annual 2 per cent growth rate for the first half of 1982 climbing to 3 per cent in the second half.

The OECD believes, however, that inflation will come down next year slightly faster than had been thought. Unemployment will be higher, ending the *year at 26.5m.*

OECD officials deny reports in a British newspaper that they are taking a dramatically gloomier picture of next year in the belief that the recession will bite deeper. The organisation, however, foresees a period of low growth.

Crisis for Naples as council resigns

By Rupert Cornwell in Rome

NAPLES. FACED with the problems of earthquake *reconstruction and plagued* by gang warfare, ran into fresh difficulties last night after the resignation of the minority left-wing municipal administration, which has run the city since 1975.

The reasons for the collapse of the local government under Sig Maurizio Valenzi, the Communist mayor, are complex.

It was directly provoked by the resignation of Socialist and Social Democrat councillors, following a threat from the opposition Christian Democrats to table a no-confidence motion, which would have been carried.

The crisis, which, it is hoped, *may be resolved by the end* of this month, is further proof of how in political as well as organisational terms, the biggest city in southern Italy is all but ungovernable.

The division of votes between the parties—and above all the presence of a strong neo-fascist MSI partly—means that neither a left-wing government nor a "centre-left" solution employed for national government in Rome, can command a *majority in* Naples.

If a right-wing alliance between Christian Democrats and MSI, impossible in practical terms, is excluded, a majority can be formed only by a govern*ment of Christian Democrats* and Communists—in other words the famous, but officially buried, concept of the "historic compromise."

Although that option has just been rejected for the government of the Campagnia region, of which Naples is capital, some observers interpret the manoeuvering as a bid to secure an all-party solution for the municipality on the grounds that extraordinary problems demand an extraordinary response.

Yesterday, the milestone of 200 dead this year in gang warfare was reached in Naples, as the local "Camorra M" or Mafia bands, fight for control of the city's housing, contraband *and illicit drugs* market.

One year after last November's earthquake, 150,000 of the city's population of 1.3m are unemployed, and the same number are without a safe roof over their heads.

A crash programme to build 70,000 dwellings in two years, for which the Government had allocated L2,000bn (£900m) is about to start, except that it was due to be partly administered by the outgoing mayor.

The main hope of resolving matters swiftly lies probably in a rapid reconstrustion of the former left-wing alliance.

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EEC budget high agenda for Schmid talks with Thatche

BY JONATHAN CARR IN BONN

WEST GERMANY'S demand for a limit on its net contribu*tion to the European Commun*ity budget will be a key issue in consultations between Mrs Margaret Thatcher, the UK Prime Minister, and Chancellor Helmut Schmidt *here today.*

Progress on the issue is essential if there is to be a chance of success at next week's EEC Council (summit) meeting in London which will take up the whole spectrum of EEC reform so far discussed with little result by the Foreign Ministers in Brussels.

Bonn is ready to remain the biggest net contributor to the EEC budget but insists on some arrangement to put a ceiling on its future contribution of the kind Britain gained last year.

At the time of the British agreement, *says Bonn, the* West German net contribution in 1980 and 1981 together was expected to total 2.6bn European currency units (ECU)—or DM 6.4bn (£1.5bn)—and the British one to 3.9bn ECU. ever, recent Commission show Bonn to be paying more net than anticip 3.2bn ECU—and Britai 3bn ECU. All other co are net recipients.

None of these figures in the impact of last year's settlement, which would Bonn's net bill still furth about DM 10bn).

One question is w Britain should be receiv much cash back throug settlement as originally seen. A second is to wh tent the settlement sho extended beyond the end year. A third is how the Germans can benefit f similar deal and what they can muster alon other member states.

There are clear possi for a trade-off involving three elements but it r unclear here whether Thatcher is read to show bility.

Talks on Polish reforms

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH Government and Solidarity began talks yester*day on union demands ranging* from economic reforms to access to the media.

Solidarity officials were anxious to play down the session, emphasising that it was a preparatory meeting

At the same time, the union was prepared to answer any proposals the Government might make for co-operation.

Central issues are likely to be the union's demand national economic c which would control C ment economic policy, an government elections ear year.

The authorities are w on a reform of the N Unity Front, which used vide candidates for el They will probably propo Solidarity take part in named National Fro Agreement.

...ervent entrepreneur to ...ad French employers

...VID WHITE IN PARIS

...I GATTAZ, a 56-year-...made industrialist and ...dvocate of a new entre-...al spirit, has been ...o succeed M Francois ...69, as head of the ...employers' federation, ...F.

...ew "Patronat" leader ...rom the ranks of the ...nd medium-sized com-... which are showing ...g signs of discomfort ...he Mitterrand Govern-...conomic policies.

...inoon poll carried out ...1,400 *company chiefs* ...g fewer than 500 wor-...wed that 83 per cent had *...tion of increasing their* ...es and 56 per cent no ...invest, during the next ...ths. Despite the Govern-...mployment drive, only ...ent said they would take ...staff during the period.

...poll, organised by the ...Confederation of Small ...dium-Sized Companies, ...blished by the Right-...wspapers Le Figaro and ..., found that only 3 per ...ought the current aid ...me for companies might ...confidence, as against ...cent who thought it ...not.

...l about the Government's ... lower the retirement ...60, more than two-thirds would not lead to a cor-*...ing number of new jobs.*

The succession to the Patronat post, held by M Ceyrac since 1972, *comes at a difficult* time. The federation has had problems adapting to new political conditions. The Government has so far given more emphasis to its contacts with other employer organisations dealing specifically with small business.

The CNPF also faces the consequences of the nationalisation programme, which hits some of the big companies such as CGE which until now have been powerful in *this organisation.* Patronat leaders seem determined to keep the state com-*panies at arms' length and to* protect themselves from the threat of direct state influence, *even though this may mean a* severe cut in the organisation's budget resources.

M Gattaz, who describes himself as a "moderate reformer," said yesterday there would be changes in the organisation but "no revolution."

"I have *no prejudice against* the Government, but we will fight with the necessary vigour whatever economic, social or tax measures are contrary to the mission of the company sector."

M Jean Auroux, the Labour Minister, said he was optimistic about relations with the new Patronat chief, who "can bring a new way of looking at a certain *number of problems.*"

It is clear that because of his reputation as an innovator, *M Gattaz* was the Government's favourite among the potential candidates. His main rival was *M* Yvon Chotard, 60-year-old head of a publishing house, who has been in charge of the Patronat's industrial relations department under M Ceyrac.

The new head will not be named officially until the Patronat's general assembly meets on December 15. But the candidates agreed, in an effort to preserve an image of unity among employers, to stand down in favour of whoever was put forward by the executive committee.

M Gattaz, a former engineer at the Citroen car *group*, left to set up his own company in 1952 along with his brother. Their Radiall concern, produc-*ing specialised electronic com-*ponents, has, succeeded in a field dominated by U.S. and *Japanese manufacturers. It* now employs about 900.

Apart from sitting on the Patronat executive for the past five years, M Gattaz has built up an organisation called EHIC—standing for Industrial and Commercial Enterprises on a Human Scale. He has published two books, "The Men in Grey" and "The End of the 'Patrons,'" in the latter advocating a new role for the employer going beyond that of simple manager.

...rmenians admit to Paris blast

...S — A bomb exploded ...aris railway station on ... night, injuring two ... An Armenian guerrilla ...claimed responsibility.

...blast, described by police ...latively small, ripped ...a coin-operated luggage *...at the Gare de l'Est.* Two ...ame distance away were ...debris, police said.

...Armenian guerrilla fac-...alling itself the Orly ...told news organisations it ... out the attack and continue to strike until ...mitriou Giorgiou, a de-... Armenian suspect is ...

...Giorgiou, a suspected ...ser of the Beirut-based ...Army for the Liberation ...menia, was *arrested at* ...Airport last week and ...ed with travelling on a ...ypriot passport.

...Orly Group has since set off six bombs at French offices in Beirut and exploded a hand grenade close to the Eiffel Tower in Paris on Saturday night. It also claimed responsibility for an explosion in a Paris restaurant earlier on *Monday* and said it planned to blow up *an Air France airliner in flight.*

The French External Affairs Ministry said it had ordered special security measures at its embassies in Beirut and certain other cities.

Mr Adnan Bulah, the Turkish Ambassador to France, held an emergency meeting with a senior Ministry official on Saturday to urge the French authorities to take strong measures against Armenian guerrillas. *The Secret Army, which wants* international recognition of the alleged genocide of Armenians *by Turkey in 1915, has mur-*dered Turkish officials and damaged Turkish buildings in several countries.

Four Armenian guerrillas who took over the Turkish consulate in Paris last September *are awaiting trial in France.* A security guard was killed and a diplomat seriously wounded in the attack.

Police said Mr Giorgiou was suspected of being the gunman who shot a Turkish diplomat in Rome last month, but the External Relations Ministry said Italy had not sought to extradite him.

In Beirut, the Armenian Secret Army issued a statement denying any connection with the Orly Group. It also warned the "Front for the Liberation of Lebanon from Foreigners" that it would retaliate for any action against Armenians in East Beirut.

Reuter

E. German films try too hard to entertain

By Leslie Colitt in East Berlin

FILM-MAKERS in East *Germany are being criticised for trying to entertain their* audiences rather than *producing films which reflect* pride in what the "working class has created in alliance *with the (Communist) Party."*

In recent years, the state film company, Defa, and television have turned out lighter films with a more subjective view of life. There have even been several mildly amusing comedies.

The Party approved in the hope that Defa would fill empty cinemas with East Germans who are among the *most faithful viewers of West* German television. At the same time, East German TV was to be made more attractive by producing more entertaining domestic film fare and showing Western films during peak hours.

This tactic however has come under fire in an open letter from an irate worker to Neues Deutschland, the main communist newspaper. Such letter-writers are activated when the Party is signalling an ideological clampdown because of alleged demands by workers.

Herr Hubert Vater, a chief mechanic in the state transport company in Erfurt, writes that too few Defa films *are being made in the tradi-*tion of "The Murderers are Among Us," a post-war, anti-Nazi drama which was East Germany's first feature film.

As a member of a club which previews new realeases, Herr Vater says too many recent Defa films are about nothing. This, he says, ignored the principle of effectiveness "which determines our entire economic life."

Where, he asks, are the works of art which make plain the "titanic achievement of the creation and growth of our stable and flowering workers' and peasants' state?"

As topics which the East German film company and television should deal with, Herr Vater puts forth the "daily heroism' of East Germany's flat-building programme, which he contrasts with the situation in West Berlin.

Now is the winter of China-U.S. relations, writes Tony Walker

Peking and Washington feel a chill

LIKE WINTER itself, which is stretching *its cold tentacles* over Peking a certain chill appears to have entered relations between China and Washington. Western diplomats in Peking are now discussing the options open to the Chinese should a rupture occure with the U.S. over Taiwan.

Possibilities being canvassed range from the recall of the *...ington to retaliation on trade.* Chinese Ambassador in Wash-

The relationship between *Peking and Washington these* days appears to be somewhat analogous to that of a couple, *who* having embarked on an, affair, find that things are not so easy after all.

Stories from Washington during the past week or so predicting that the U.S. will sell an advanced jet fighter to Taiwan have only served to increase Chinese disquiet. In spite of U.S. State Department denials of these stories, Peking almost certainly remains sceptical.

The Chinese must now judge that there is a 50-50 chance of the U.S. selling some form of advanced fighter to Taiwan—short enough odds to make Peking think twice before pushing its relationship with Washington into sensitve new areas, such as arms purchases.

There is no doubt that re-*peated delays of a visit* by Gen. Liu Huaqing, Deputy Chief of the General Staff, to Washington are because of continuing uncertainty over Taiwan.

Gen. Liu *was to* have gone to Washington in August to discuss arms purchases, but the *trip was postponed without* official explanation. U.S. diplomats here claim to have no new date for the visit and concede privatel ythat the delay is connected with the uncertainty in U.S.-China relations.

In spite of Western diplomats' *beliefs that China may retaliate* on trade, should there be a rupture over Taiwan, it would seem unlikely that in the first instance the Chinese would take actions to harm their commercial interests. China is, to a certain extent, dependent on the U.S. for supplies of some basic commodities, such as wheat and cotton.

China's anxiety may partly explain why Peking is increasingly redirecting its foreign policy efforts towards the Third World, its traditional supporter. Evidence for this is its spirited support for the Saudi Arabian peace proposals in the Middle East, the leading role China played on behalf of the developing world at the recent Cancun Summit in Mexico and apparent renewed efforts to improve its relations with influential black African states such as Nigeria.

Zhao Ziyang (left) China's Prime Minister, Mr Alexander Haig, U.S. Secretary of State, and (right) Deng Xiaoping who is promoting relations with Washington

China's basic foreign policy objective is clear and has been so since the mid-1970s. It wants to promote a loose alliance of the West, Japan and moderate Third World countries against the Soviet Union. Keeping this *alliance stitched together* is a constant Chinese preoccupation.

That is why the Taiwan issue is so irritating for Peking. It interferes constantly with the smooth development of China's relationship with Washington and is a problem which will simply not go away.

This in turn has implications for internal Chinese politics. Hardliners in the Politburo, who may not be so enthusiastic about the relationship with the U.S., as promoted by Mr Deng Xiaoping and his moderate supporters, will be able to point to continuing problems over Taiwan as an example of bad faith on the part of Washington.

There have been frequent contacts recently between Chinese and U.S. officials at which the Taiwan issue is certain to have been discussed. But there has been no indication of progress either in Premier Zhao Ziyang's talks with President Ronald Reagan at Cancun or in discussions between Mr Huang Hua, the Chinese Foreign Minister, and *Mr Alexander Haig, the U.S.* Secretary of State, in Washington last month, judging by the reaction of the Chinese media and hints by Chinese officials.

Statements by Mr Haig this week praising China's proposals for the reunification of Taiwan with the "motherland," will have been taken with a grain of salt by Chinese officials, who will also have noted that he described the arms sales issue as a "very worrisome spectre *on the horizon.*"

"In the period ahead, it's going to be essential that both Peking and the U.S. handle this particular question with great sensitivity and care," Mr Haig told a meeting in Florida. Peking would certainly agree with this viewpoint.

The most combative recent statement of the Chinese posi-*tion on Taiwan was made by* the New China News Agency's Washington correspondent in a commentary which warned that Peking would "pull back" from its relationship with the U.S., if necessary.

There is little doubt that Peking would "pull back," whatever that means, if it believed it was being pushed too far *over Taiwan, however reluctant* it may be to do so.

Although Taiwan is not the only foreign policy difference between China and the U.S., it is the most serious irritant. The other main differences, such as conflicting views over the Middle East and southern Africa, appear manageable.

The pro-Israeli U.S. and the *pro-Arab Chinese find them-*selves on opposite sides of the fence over the Middle East peace process. In Southern Africa, China worries that Mr Reagan's pro-Pretoria tilt will cause unnecessary problems with black African countries which could easily fall into the Soviet camp.

But such issues are not really *central to the Sino-U.S. relation-*ship in the same way that Taiwan is. As one diplomat here observed this week: "*Outsiders* sometimes forget with an emotional issue Taiwan is for the leadership. Logic does not always enter into their calculations where Taiwan is concerned."

All this does not mean that *relations* between China and the U.S. are being put into reverse gear. On the contrary, trade is booming, having jumped by 38 per cent in the first six months of this year.

At the same time, high level visitors from the U.S. continue to flood into China. Last week, it was Mr Walter Stoessel, Under-Secretary of State for Political Affairs. This week it is Donald Regan, the Treasury Secretary, for talks of the U.S.-China Joint Economic Committee.

But as Mr Haig said at his Florida meeting, Peking and the U.S. will have to handle the arms sales question with "great sensitivity and care."

The Chinese Government will have taken careful note of his statement.

OVERSEAS NEWS

Murder attempt adds to West Bank tension

BY DAVID LENNON IN TEL AVIV

MORE THAN two weeks of protests and demonstrations on the West Bank against the Israeli occupation escalated yesterday when an assassination attempt was made against a local Palestinian leader, who is widely regarded as a collaborator.

Mr Yusuf al-Khatib was seriously wounded in an ambush and his son Kassim, 23, was killed. In Beirut, the Palestine Liberation Organisation claimed responsibility for the attack.

Mr al-Khatib is head of the Ramallah Village League which was set up at the beginning of the year to challenge the political power of the elected mayors, most of whom are PLO supporters.

The assassination attempt introduces a new level of violence in the disturbances which have racked the West Bank since Israel replaced the military governor with a civilian administrator at the beginning of the month. The Palestinians fear that this is an attempt to implement autonomy unilaterally.

The village leagues, of which there are three at present, are widely regarded as tools of the Israeli Government which is trying to promote their leaders as alternative representatives of the Palestinians who can be brought into the autonomy talks.

Strikes and demonstrations took place in Bethlehem and Beit Sahur near by yesterday to protest against Monday's destruction by Israel of the homes of four families whose sons had thrown fire bombs at army patrols. A number of people were arrested by the Israelis in Hebron and Ramallah yesterday when demonstrators stoned army vehicles.

The closure of universities and newspapers, the imposition of curfews and the destruction of houses carried out in the past two weeks have undermined any attempt by the new Israeli civilian administrator to improve the atmosphere of the West Bank.

The clampdown is expected to intensify as Mr Ariel Sharon, Israel's Defence Minister, tries to crush all opposition to the occupation.

U.S. envoy urges Begin to exercise restraint

BY OUR TEL AVIV CORRESPONDENT

THE U.S. ambassador in Tel Aviv yesterday asked for a meeting with Mr Menahem Begin, the Israeli Prime Minister, to discuss growing tension in southern Lebanon.

A spokesman said that Mr Samuel Lewis, the ambassador, had expressed his concern over the deteriorating situation which has led to fears of a possible Israeli strike against Palestinian forces in Lebanon.

The U.S. is worried that the ceasefire, which they engineered in July, is in danger of breaking down. It has been reported that the U.S. embassy in Tel Aviv has been sending warnings to Washington that Israel may move against the PLO or even the Syrian anti-aircraft missiles in Lebanon.

It is believed the ambassador yesterday urged Israel to exercise restraint. The embassy said that the U.S. recognises that the Israelis are "nervous and insecure" about the situation.

Israel has been expressing concern for some time about a Palestinian arms build-up

Ihsan Hijazi reports from Beirut: A senior member of Lebanon's faction of the pro-Iraq Baath Party was assassinated in Beirut yesterday. Mr Tahsin al-Atrash was shot and killed as he drove in Moslem west Beirut.

Neither the identity of the killers nor their motive was immediately known. Observers are inclined to attribute it to a settling of scores between pro-Iraqi elements and those supporting the Iranian religious leader Ayatollah Ruhollah Khomeini.

Japan's oil refining at record lows

The Japanese oil refining industry announced figures yesterday show that refineries are operating at record low levels, Reuter reports from Tokyo.

The Petroleum Association of Japan said refineries were working at only 56.3 per cent of capacity of 5.94m barrels a day from the beginning of April to the end of September. It attributed the decline to energy saving measures and moves to alternative fuels, especially coal, by the cement and electric power industries.

The association said the six months saw an 8.3 per cent decline in the demand for fuel oil—to 559.74m barrels from a year earlier.

Sudanese protest

Riot police using batons and tear gas broke up an anti-Government demonstration at Khartoum University on Monday. Students were protesting at recently announced economic measures, Reuter reports from Khartoum. Following successful negotiations with the International Monetary Fund for credit, President Jaafar Nimeiri has announced big cuts in Government spending. He has devalued the Sudanese pound, and is to withdraw some subsidies.

Chad peace force

Nigeria's General G. O. Ejiga, Commander of the pan-African peacekeeping force for Chad, arrived in the capital, N'djamena, yesterday for talks with Chadian leaders and said the full force would arrive as soon as possible, Reuter reports from N'djamena. He was accompanied by 18 officers from Nigeria, Zaire, Senegal, Togo, Guinea and Kenya.

Backing for Marcos

The Manila Supreme Court on Monday upheld the power of President Ferdinand Marcos of the Philippines to keep suspected subversives in jail indefinitely even though martial law has been lifted, AP reports from Manila.

Afghan attack

Afghan helicoper gunships fired rockets close to two refugee camps in northern Pakistan yesterday, Reuter reports from Islamabad. Pakistan said it was the second such attack in the past 24 hours.

Zimbabwe calls for regional mining agency

BY MICHAEL HOLMAN IN BLANTYRE

MINISTERS attending the nine-member Southern African Development Co-ordination Conference which opens in Blantyre, Malawi, tomorrow will consider proposals to establish a regional mining agency to co-ordinate mineral processing and marketing.

The proposals are being put forward by Zimbabwe, which is going ahead with plans to create its own state-controlled mineral marketing organisation.

The member countries of the conference—Angola, Botswana, Lesotho, Mozambique, Malawi, Swaziland, Tanzania, Zambia and Zimbabwe—are meeting for two days to review progress towards reducing trade and transport links with South Africa. The main area under discussion will be transport and communications.

In a paper for the conference, Zimbabwe declares: "It is arguable that SADCC's relationship with the Western world hinges on whether or not, and on what conditions, Europe and North America gain access to the minerals of the region."

It points out that SADCC members are among the world's leading minerals producers. Zambia, for example, is the second largest producer of cobalt and the fourth of copper. Zimbabwe is the third largest producer of chromite and Botswana ranks third in world diamond production.

Beira port reopened to international shipping yesterday, three days after the Mozambique authorities announced that marker buoys in the entrance channel had been blown up by saboteurs, Reuter reports from Maputo.

A guerrilla group, the Mozambique National Resistance Movement claimed responsibility for the disruption.

The Zimbabwe paper argues that there should be greater co-operation within SADCC in the processing of the area's minerals and in manpower training for the industry.

"Co-ordination of marketing of minerals both for export and for local sale is a viable proposition," the paper says. "Such co-ordination may provide an opportunity to pool resources and to organise a marketing system taking advantage of possible economies of scale."

Zimbabwe recommends that the various mining institutions in member states should form the basis of a Southern African mining industry development agency whose objectives would be to co-ordinate efforts in mineral beneficiation, marketing of minerals, development of technology in the industry, co-ordination of financial as[...] to the industry and exp[...] for minerals.

Our Salisbury Corres[...] adds: Measures to curb outflow of foreign ex[...] from Zimbabwe and to [...] capital inflows, will hav[e ...] taken by Mr Robert M[ugabe's] Government to stem a [...] decline in foreign re[serves], according to the co[untry's] central bank.

The fall in reserves, d[...] Zim$50m (£37m) to Zi[...] (£110m) from Zi[...] (£147m) a year ago, will [...] or later halt economic [...] the Reserve Bank of Zi[mbabwe] says in its latest qu[arterly] economic review.

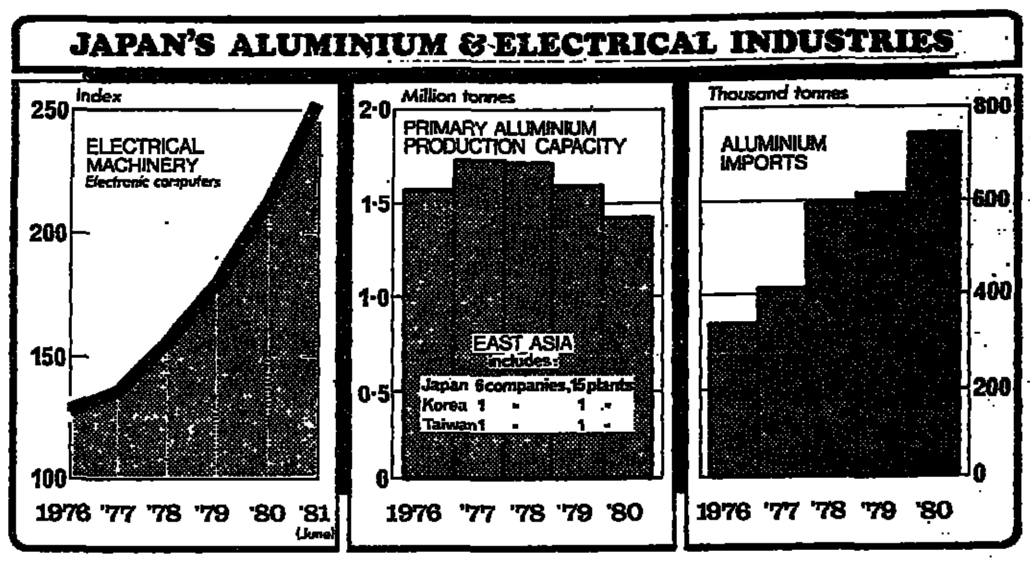
Aluminium smelting holds a lesson for Japa[n]

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPANESE officials continue to say that the economy is recovering gradually but the truth is that Japan no longer has one economy. Generalisations are no longer permissible.

Instead it has a booming processing sector made up of industries like motors and electronics and a depressed materials sector consisting of industries like oil refining, paper and pulp and non-ferrous metals.

The difference between the two is glaringly apparent from production statistics, which show that the output of processing industries has risen 16 per cent since the beginning of last year (and more than 90 per cent since 1975) whereas the materials industries are producing 10 per cent less than a year ago (and only about 20 per cent more than in 1975).



The reasons why one half of Japanese industry has parted company with the other in the last 18 months are revealing. The processing industries reacted to the 1973 and 1979 oil crises by boosting productivity and cutting energy consumption with the result that they now enjoy a greatly enhanced competitive edge in world trade.

The depressed materials industries, on the other hand, are the ones whose production costs, or demand levels, are so firmly tied to the price of energy that nothing can be done to get them back into normal working order.

Aluminium smelting is a typical example of the second group of industries. It costs Japan about Y500,000 (£1,164) to smelt one ton of aluminium because its smelting plants run on electricity, which is provided chiefly by oil burning thermal power stations, rather than on cheap hydro-power or coal. The market price for aluminium ingots is now between Y350,000 (£814) and Y400,000 (£931) per ton. Japan's six aluminium smelters, whose production capacity is about half that of the EEC, lose at least Y100,000 for every ton they produce.

Japan is good at dealing with structurally depressed industries as evidenced by its success in cutting shipbuilding capacity by 35 per cent between 1978 and 1980. It has already reduced its aluminium smelting capacity from 1.6m tons to 1.1m and now plans a further cut—to 700,000 tons by 1985.

The companies making the cuts will probably not sack a single one of the 7,000 workers they now employ. Instead they will transfer them to "sister" companies in other industries or open aluminium fabricating plants to absorb workers displaced from smelting plants.

At the end of the rationalisation programme, however, Japan will probably still have the world's fourth largest aluminium smelting capacity and will still be unable to compete with low cost hydro-powered producers in countries like Canada and the U.S.

Japan has several good reasons for wanting to stay in the aluminium smelting business in spite of the prohibitive costs involved. A country with the world's second largest market for aluminium ingots risks becoming fatally dependent on the whims of overseas suppliers if it has no production of its own. At the same time, the Japanese do not want to have to buy all their aluminium on unpredictable "spot" markets.

They prefer long term contracts or "development imports"—meaning the import of aluminium from overseas smelting plants which use Japanese technology and have been partially financed by Japanese investment. To continue promoting overseas development projects, Japan has to keep its edge in aluminium smelting technology. This, in turn, means Japan needs to continue smelting aluminium at home.

The snag about those very reasonable sounding arguments for a continuing, if reduced, Japanese involvement in aluminium smelting is that "spot" imports come entirely from the U.S.

America sold nearly [...] tons of ingots to Japan [...] at prices which badly u[ndercut] local producers. It coul[d prob]ably sell a lot more tha[n ...] 1985, although a mediu[m ...] plan for the industry's [...] which was drawn up rece[ntly by] an advisory committee [of the] Ministry of Internationa[l Trade] and Industry (Miti) se[es] imports falling off to [...] tons or less, while devel[opment] imports take up most [of the] slack caused by de[clining] domestic production.

To achieve the slow d[own in] U.S. imports, Miti is pr[oposing] a "tariff quota" combin[ed with] monitoring of aluminiu[m ship]ments. None of this [is] likely to appeal to the [U.S.] especially at a time [when] Japan's bilateral trade [surplus] with the U.S. is runn[ing at] about $1bn (£534m) a [month].

The problem of alu[minium] imports is not unique. I[t serves] to typify the problems [that] result from the schizo[phrenic] division of Japanese in[dustry] into world-beaters an[d non-]starters. Japan will [almost] certainly be forced to [accept] the principle of export r[estraint] in its dealings with Western nations to ens[ure] survival of its non-starte[rs ...] to give full scope to the [world-]beaters, free trade n[...] seems more attractive.

A few Japanese busin[essmen] now seem to be aware [of the] contradiction between the [two] approaches. Whether t[his will in]clude the leaders of the [motor] and electronics ind[ustries] remains extremely doubt[ful].

J.S. 'has limited leverage over Soviet energy'

OUR WASHINGTON CORRESPONDENT

J.S. has limited leverage he Soviet Union in the field and could only d in restricting Soviet to energy technology in ction with its Nato allies, ing to a Congressional released yesterday.

cautionary conclusion a 400-page study by Con- Office of Technology ment has major implica- or the Reagan Administra-

Administration has ied a tougher line on ve technology exports to oviet Union but not yet it new guidelines. There so important implications e U.S.-W. European dis- over participation in the d Soviet trans-Siberian peline.

hington has suggested to lo allies in Europe that would be better off relying re U.S. coal imports and oil extraction from the Sea as alternatives to more Soviet natural gas gh the pipeline from a.

U.S. allies have so far d this argument, and a portion of the pipeline t—to be built with heavy ean financial and tech- involvement—is expected finalised when President d Brezhnev visits Bonn next week.

OTA study notes that the energy-related product Moscow has been import- n "massive" quantity is h pipe, a size which is ven made in the U.S.— h it is true that some ing equipment which the s intend to buy for the peline from West Europe de under licence to U.S. nies.

ile some advanced com- for oil exploration are ble only in the U.S., the study says that the Soviets have made a big effort to make many sophisticated energy related items themselves or to do without.

Japan and West Europe are willing suppliers "because Soviet energy industries are important customers for technology and equipment and a source of energy supply as well.

Releasing the report, representative Albert Gore warned yesterday that "we should make every effort to work with our Western allies to ensure that our choice on projects like the Yamburg pipeline do not place us at a disadvantage."

The reverse side of the coin to limited U.S. leverage over Soviet energy is that Washington could do little to boost Soviet production, as some analysts urge in order to minimise Soviet interest in the Middle East oil fields.

But the OTA believes that it is highly unlikely that the *Soviet Union or the Soviet bloc* as a whole will become a net energy importer in the 1980s.

"Proven Soviet gas reserves are tremendous and may be likened to the oil reserves of Saudi Arabia, the study says, more than offsetting problems in Soviet coal production and very modest increases in Soviet oil output.

Senator Ted Stevens saw in the report a lesson for his own state of Alaska and the U.S. in general. "The Soviet Union has laid roughly 6,000 miles of 56-inch pipe for frontier gas delivery, with 10,000 additional miles planned.

"In contrast, the U.S. has pondered for five years the construction of 4,800 miles of pipeline to deliver natural gas from the Arctic. There is a lesson here—I hope it is not missed."

He was referring to the long wrangle over financing and building the joint U.S.-Canadian Alaska gas pipeline.

Nuclear safeguard system criticised in report

OUR WASHINGTON CORRESPONDENT

NTERNAL U.S. Govern- report has strongly criti- the international system feguards designed to pre- secret diversion of nuclear into bombs—a major in U.S. non-proliferation

adequacy of reactor in- on by the Vienna-based ational Atomic Energy y has been a major issue Israel bombed Iraq's ad reactor in June.

new U.S. report will be read on Capitol Hill, President Reagan's hints ie would like to relax *portions of* U.S. non- ration law are viewed uspicion.

report to the U.S. Nuclear tory Commission was y a former staff member the NRC and the IAEA, t concludes that IAEA ion is "incapable of ng the diversion of a sig- t quantity of nuclear fuel in any state with a moderate-to-large nuclear energy establishment."

The report complains that reactor records on fuel handling are often sloppy, that IAEA inspectors are frequently kept out of sensitive fuel reprocessing plants, and that IAEA-installed cameras inside reactors break down "at an alarming rate."

The 1978 U.S. law, which some in the Reagan Administration would like to rewrite extensively, bars nuclear exports to countries who do not agree to put all their nuclear facilities under IAEA inspection.

The report was requested by Mr Victor Gilinsky, one of the five NRC commissioners with a particular interest in proliferation problems, and writen by Mr Emmanual Morgan.

It carries no official imprimatur from the Administration, which has said it believes there is no alternative to the international safeguards régime.

Polish debt with Brazil be renegotiated

zil has agreed to re- ate the debt owed to it land, the Brazilian Plan- Ministry announced. The nent followed week-long ning sessions between ian and Polish officials.

the accord, Poland this vill pay only 10 per cent due debt, plus interest, a ng Ministry official said. balance will be paid ning in 1982, under terms established by further ations in February, the t added.

and owes Brazil $1.4bn n), of which roughly falls due this year, according to Press reports.

Brazil also agreed to open a new line of credit to Poland of $140m. The credit line will be principally for purchases of soyabeans and cacao, according to the Ministry.

● The semi-official Export-Import Bank of Japan said yesterday it had agreed to lend Poland Y6.94bn (£17.7m) to finance purchases of Japanese steel, machinery and other products.

The money was being borrowed by the Handlowy W Warszawie Bank which would re-lend the funds to Polish importers of the products.

Haig ambiguities 'meant to worry Castro'

MARY HELEN SPOONER IN SANTIAGO

NT statements by Reagan istration officials on le U.S. military action t Cuba and Nicaragua "designed to worry the ments of both countries," ernon Walters, the State ment's special envoy, Santiago yesterday.

Walters told the can Chamber of Com- in the Chilean capital mments by Mr Alexander U.S. Secretary of State, ted to "constructive uity," whose unclear ng was intentional.

t them worry," he said, ng to Cuban and guan officials. "We that constructive uity is a very powerful n in American foreign

of the cornerstones of Reagan Administration's foreign policy was to strengthen friends and allies of the U.S., but human rights issues remained a subject of concern. "We do not feel the way to handle the problem is to get up on the roof with a bullhorn."

Gen Walters, a former Deputy Director of the Central *Intelligence Agency*, arrived in Santiago on Saturday for what U.S. Embassy officials said was an unofficial visit, in response to an invitation to address a regional meeting of American Chambers of Commerce in Latin America.

Even so, he attended a breakfast with President Augusto Pinochet and other military officials in what was described as a "private meeting." A probable topic of discussion was the recent U.S. Senate vote to lift the arms embargo against Chile.

New York church tries to reach for the heavens

BY IAN HARGREAVES IN NEW YORK

IT HAS all the makings of a classic New York City imbroglio. Rival public relations factions are dishing the dirt, sharp property men are hatching 40-carat deals and even Jacqueline Onassis is involved. So, too, is ITT, the U.S. communications giant.

At the centre of the affair, remarkably enough, stands a church—the beautiful, 20th century Byzantine fantasy of St Bartholomew's, whose domed brickwork snuggles alongside the Waldorf Astoria hotel and a military stripe of chrome and glass corporate towers on Park Avenue.

Beauty, for St. Barth's is the problem. The church wants to allow Mr Howard Ronson, a British developer, to build a $110m (£57.8m) 59-storey skyscraper on the site of the church's neighbouring *community and parish rooms.*

"*This is the wrong building* in the wrong place," thundered the architecture critic of the New York Times *the morning* after the models were unveiled. All the city's newspapers are hotly against the scheme, as is Mrs Jacqueline Onassis, whose riches helped prevent Penn Central ameliorate its crumbling finances in the 1960s by *building a tower on top of the* Grand Central Station, a few blocks south of St. Barth's.

Several of the city's leading architects refused to touch the lucrative contract. Even Mr Philip Johnson, an architect who was once quoted as saying he would draw "for the devil himself," said this time: "We don't believe in ruining the city."

ITT, whose headquarters stand exactly opposite St Barth's was so upset at the prospect of losing light, peace and space, that it offered the Rev *Thomas Bowers*, the church's rector, $500,000 a year and said it would head a fund-raising drive among other companies if the plan was dropped.

The protesters, who are led by Mr Sinclair Armstrong, a rasping moustachioed former chairman of the Securities and Exchange Commission, say they will take their fight to stop the skyscraper all the way to the Supreme Court if need be. Anyone with experience of litigious U.S. society, knows that this is no idle threat.

But the opposition's immediate target is to influence the postal ballot now taking place among the church's 800 *or so dues-paying parishioners.* The number is in doubt because of legal squabbles over who is entitled to vote. Last Christmas, when the church was packed to hear one of the city's finest choirs declare the message of the nativity, Mr Armstrong was *in court winning his fight to be* registered as a parishioner to run for a seat in the church's policy-making vestry. Mr Bowers was then and is still accused of shameless gerrymandering for his cause.

Mr Bowers, a rotund, amiable Episcopelian, is adamant that the scheme is essential to avoid the church becoming insolvent inside eight years and to enable it to expand a city-wide spiritual and social mission which stretches back to 1835.

That tradition emerged through three changes of site *and has continued since the* present magnificent, mosaic-clad buildings were designed by Bertram Goodhue in 1919.

Fortunately for St Barth's today, the principle that a church is its people and its mission rather than its buildings was, after a court fight, built into the wording of the 1967 listing of St Barth's as a landmark. These words will be quoted in many courts.

Also much recited will be the benefits the income from the skyscraper will bring to the broken places of the Bronx and Harlem, to which St Barth's already indirectly ministers, as well as running a vast community club, schools and food kitchens, which will also benefit.

Mr Bowers has committed the church to spend more than half its income outside its own immediate parish work. The internal tasks are to repair a crumbling roof—part of more than $7m in delayed maintenance—and solve space problems, like the one which requires the 50-member choir to change inside a 4ft wide closet.

From this point of view, the development scheme offers a miracle of financial stability and opportunity. The church would get an inflation-protected income of $9.5m a year for the next century. In addition, the church will have free use of 75,000 sq ft of space, worth perhaps $3.75m a year at to-day's market rates in what is, according to the developer, Mr Ronson, the best site on earth. Total *revenues from the building are* put at between $40m and $50m a year.

Mr Bowers is confident of winning the parish vote, which was due to be counted yesterday, by an 80 per cent margin, although Mr Armstrong says he starts with 33 per cent to 40 per cent of the vote and the balance to play for. But a defeat in the ballot could be just the beginning for the protesters.

Without doubt, most of the New Yorkers able or likely to raise their voices in the issue, will favour the attraction of St Barth's soft, *hand-made* brick over the church's missionary purpose.

"I'm a *folk hero as a result* of this," says Mr Armstrong, who tells his audiences that the $9.5m a year income from the skyscraper will in reality be used to set up a television ministry for Mr Bowers.

As for the architect who did accept the commission, Mr Peter Capone of Edward Durell Stone, he is shouting in the wilderness that his creation will add to the glories of Park Avenue, by reflecting the church and, through its cantilevered construction, open more terrace space for pedestrians.

The Rev Thomas Bowers, Rector of St Bartholomew's Church, New York, with the design of the proposed skyscraper which could earn his parish $9.5m (£5m) a year.

Kenneth Gooding, Motor Industry Correspondent, looks at the number of car company joint ventures

After BL and Honda: who's linked up with whom

Mr Kiyosha Kawashima, Honda's president, described his company's potential joint venture with BL as "unique." And certainly the arrangement for each company to make both versions of the car—the "British" and the "Japanese"—in its respective country has not been tried before.

However, joint ventures have been a significant feature of the European motor industry for many years and recently, as development costs rose sharply and sales growth levelled off, they have become much more common.

The accompanying chart above shows most of the important projects.

1—**BL** already is making the **Honda Ballade** under licence in Britain and selling it, with some modifications, as the Triumph Acclaim.

2—**BMW** of West Germany and **Steyr-Daimler-Puch** of Austria have combined to set up a plant in Austria to make a new car diesel engine. The first engines will be available next year and the plant has a 300,000-a-year capacity. Ford has contracted to take 80,000 to 120,000 of the four- and six-cylinder turbo diesels for its American cars in 1984.

3—**VAG**, the **Volkswagen-Audi** group this autumn signed a deal with Nissan, the **Datsun** group, to have the Japanese company produce a version of the **VW Passat**, medium-sized car, at the rate of around 4,000 to 5,000 a month beginning in the spring of 1983.

4—**Nissan** and **Alfa Romeo** have agreed to join forces to produce a small car at the Alfasud plant in southern Italy. Nissan will supply the bodies from Japan which will be mated with Italian engines and other mechanical equipment. The cars will go mainly through the Alfa networks in Europe—they are for Europe only—after production begins in 1983 at the rate of 60,000 a year. But the position in the UK, where *the Datsun network is stronger*, has still to be decided.

5—**Alfa Romeo** and **Fiat** are to co-operate in the development of car components as part of the Italian Government's scheme to strengthen its motor industry. The deal was signed only this summer.

6—**Seat** in Spain has for many years been making cars under licence from **Fiat**. Recently Fiat decided against pumping more money into Seat and taking a majority stake. As a result . . .

7—**Seat**, still controlled by the Spanish Government, has been having talks with **Toyota** of Japan about providing a complete range of cars for the future. No deal has been outlined or agreed so far.

8—**Fiat** helped get volume car production going in the Soviet Union by getting the Togliatti plant into operation and providing the basic technology for the **Lada** saloons made there—they are based on the old Fiat 124.

9—**Lada** wants a more up-to-date car (the 124 has been out of production for about ten years in the West) and has turned to **Porsche** of West Germany to do much of the development work.

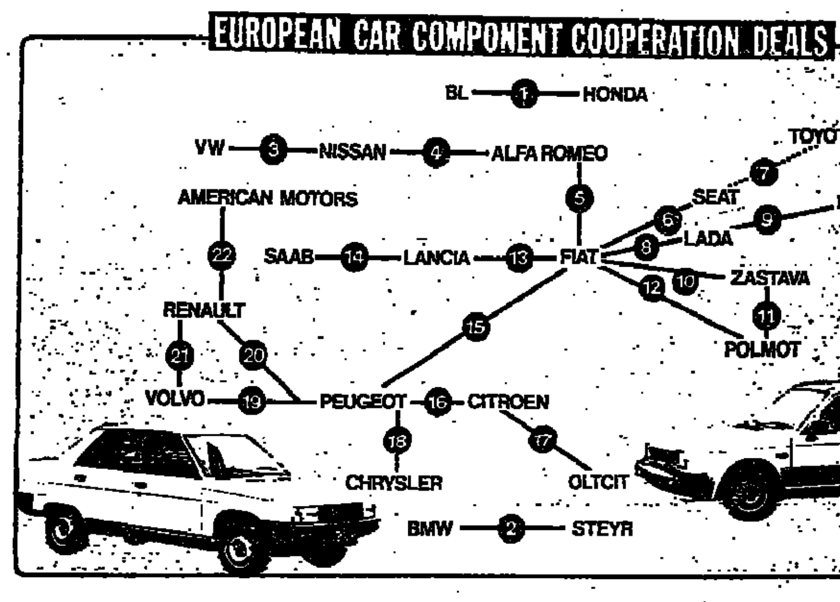
10—**Fiat's** links with Communist countries include a deal dating back many years for the production of the Fiat 128 by the **Zastava** company in Yugoslavia. **Zastava** also makes a light commercial vehicle based on the Fiat 850. The two companies also swop components worth about $500m a year.

11—**Zastava** also exchanges components with **Polmot** of Poland.

12—**Polmot** makes a version of the Fiat 126 and the Italian group now uses Poland as the source for this car for its Western European network.

13—**Fiat** is 100 per cent owner of **Lancia**.

14—**Lancia** and **Saab** of Sweden are working on the joint development of parts for a new car to be introduced in the mid-1980s. As with the latest **BL-Honda** arrangement, each company will produce its own distinctive car from the common components "pool" and share production between them.



15—**Fiat** and the **Peugeot** group of France are to develop and produce jointly a 1m-engines-a-year plant to begin operating in 1984-85. The engines will be in the 1,000 cc to 1,500 cc range.

16—**Peugeot** group includes **Talbot** and **Citroen** as wholly-owned subsidiaries.

17—**Citroen** has a joint venture in Romania where a new company, **Oltcit**, has recently begun output of a small car which will be produced at the rate of 130,000 a year by 1983, half for Citroen's Western European dealer networks.

18—**Peugeot** will supply diesel engines to **Chrysler** of the U.S. and the companies intend to inter-change sub-assemblies and parts as well as jointly develop and produce cars in the U.S.

19 and 20—**Peugeot**, **Volvo** of Sweden and **Renault** of France have for many years jointly owned a company, **Franco-Suedvoisedes Moteurs**, which makes the V-6 engine each company uses.

21—*Renault* has acquired 15 per cent of the **Volvo Corporation**'s car business and has the option to lift the stake to 20 per cent. The two car companies are co-operating to develop new cars and components for the mid-1980s.

22—**Renault** also owns 46 per cent of **American Motors** of the U.S. and has taken management control of that company. Renault is helping develop front-wheel drive cars suitable for the U.S. market while **AMC** is down-sizing its four-wheel-drive Jeeps so that they will be more suitable for Europe. The first cars make their appearance in the middle of next year and the Jeeps can be expected in 1983.

Tokyo strategy ain to cut trade surplus with West

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

SENIOR JAPANESE ministers concerned with economic affairs agreed in principle on a short-list of measures to be taken to reduce Japan's trade surplus with the West at a special Cabinet meeting yesterday, but disagreed on a longer and most significant list of proposals.

The measures which were agreed and have now been referred to officials for "further examination" include:

- *Liberalisation or simplification of inspection procedures on imported manufactured goods.*
- Measures to prevent "torrential exports" of individual products to specific markets.
- The dispatch of "import promotion" missions to the West and the staging of fairs in Japan.
- Promotion of "industrial collaboration" between Japan and advanced Western nations.

The meeting of Economic Ministers failed to agree on proposals for the reduction of tariff "perks" on a number of sensitive items—including Scotch whisky and biscuits—and on a scheme for using Japan's foreign exchange reserves to finance the import and lease of aircraft and other capital equipment.

They also disagreed on proposals for the stockpiling of rare metals.

In most of these area sures for action b Ministry of Foreign Affa International Trade and try seem to have been either by the Finance M —which fears the expe volved in the stockpilin leasing schemes—or b Ministry of Agriculture, has a vested interest i tecting Japanese farmer

The five Ministers are again to try to sort ou differences on the "cor sial" import pro measures.

If and when the gove does decide to cut tar undertake emergency i the individuals involved decision-making proces thus be different from now occupying key ec posts.

Immediately after tod conclusive cabinet meeti Michio Watanabe, the F Minister, said that he f case for reducing the ta Japan's imports of whisky was misguided.

He quoted figures sug that more than half of th price of luxury Scotch w sold in Japan represer margin earned by the agent"—as against rough third in the case of Ja made whiskies.

Chile 'faces deficit on current account of £2.1bn'

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

DISAPPOINTING trade figures will push Chile's deficit on the current account to $4bn (£2.1bn) this year from the $1.6bn registered last year, according to Sr Sergio de la Cuadra, chairman of the Chilean Central Bank.

Speaking in London yesterday at a seminar on Chile he forecast that imports would total $6.6bn this year (1980, $5.14bn) against exports of $4.3bn (1980, $4.72bn).

The much increased current account deficit, substantially worse than forecast by officials earlier in the year, is expected to increase pressure for a devaluation of the peso.

Its strength is seen as encouraging an import spree while at the same time hitting sales abroad already affected by the low international prices of copper, the principal Chilean export.

Devaluation is, however, being resisted by many importers and by some financial circles with large borrowings in dollars and other foreign currencies.

In a effort to increase Anglo-Chilean trade, Sr de la Cuadra is accompanying Sr Miguel Kast, the Labour and Social Security Minister, on an official visit.

Anglo-Chilean trade showed a big surplus last year in Chile's favour with British exports at £55.7bn and UK imports at £126.2bn.

Yesterday Sr Kast visited Mr Richard Luce, junior minister at the Foreign and Commonwealth Office, and is today to see Mr Peter Rees, the Trade Minister and to attend other meetings arranged by the Department of Trade, before leaving tomorrow.

During discussions on Anglo-Chilean economic matters, Mr Luce brought up with Sr Kast the case of the British businessman, Mr William Beausire, who was arrested by Argentine police in 1975 and sent to Chile where he is believed to have died in custody.

Mr Denis Healey, the shadow foreign secretary, yesterday called at the Chilean embassy to discuss the Beausire case.

British officials are treating the visit of the Chilean ministerial team with the utmost reserve and say that though representations are being made about human rights issues, this is not clouding the issue of increased bilateral trade.

Mary Frings in Bahrain writes: Mr Ernane Galveas, Brazil's Finance Minister, is leading a 100-strong trade delegation to the Gulf, taking in Iraq, Kuwait, Bahrain, and Saudi Arabia.

The mission, which arrives in Bahrain today includes the governor of the Brazilian state bank and some 70 businessmen.

Midland Bank plays leading role in Nigerian plan

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE NIGERIAN state of Plateau had a strong commercial incentive to come to terms with the Midland Bank for the financing of its development plan. Had the signing of the £96m export credit been delayed much beyond yesterday the rate of interest would have been not 7.75 per cent, but 10 per cent.

New interest rates for export credits came into effect on Monday following an agreement among the industrialised countries in Paris last month.

As it is, the Eurocurrency part of the loan package—$116m (£61m) at ⅞ over the London interbank overnight rates—is not cheap by international standards, although it is in line with what Nigerian borrowers have been paying this year.

Nigerian borrowers, in any event, have been forced to pay bank fees of 3 per cent of the value of any loan, compared with the ½ per cent charged many international borrowers. This reflects the erratic movement of the Nigerian economy, dependent on the fluctuation of oil prices.

But the structure of the loans contains advantages for the British exporters. Because the credits will be drawn down as and when they are needed to meet payments for contractors, the funds for the export credit, backed by the Export Credits Guarantee Department, do not have to leave the UK.

This means that contractors do not have to face the dreary process of battling the state bureaucracy to obtain payment. Only the front-end money—the Eurocurrency credit—will go to Plateau. There is an obvious advantage to contractors in doing as much work as they can outside Nigeria.

But it has taken 18 months to work all this out. The first moves to draw Midland to Plateau came from the Nigerian side. Officials touring Europe were looking for funds and the Midland followed this through with letters to both the state and the federal Governments.

Once Balfour Beatty Engineering had been identified as the potential managing contractor and been brought together with the Midland, the two pressed ahead to win the business.

For their part, the Nigerian authorities were attracted by the preferential rates of interest available for the export credit. Plateau state was not looking particularly to place its business with British companies but it was drawn to them by the financing flexibility which became apparent when the ECGD agreed in principle last March to cover the loan.

But ECGD cover would not have been available without federal Nigerian Government guarantees for the state borrowing. And the nature of that borrowing caused problems and delays.

In Nigerian terms, the borrowing was innovative. It covered not a single project, as has been the habit, but a clutch of projects covering water, health and agriculture. In effect the borrowing was a project line of credit signed up without the contractors, except Balfour Beatty, being signed up as well. Plateau wanted finance for its development plan, not a part of it.

Much of the work over the last year has been involved with presenting this case to the federal Government, with the Midland representative working out of the Lagos office of Thomas Cook, one of the bank's subsidiaries.

In the event, it was cheaper for the state Government—only one set of arrangement fees—and simpler for the federal Government, inundated with guarantee demands for loans to be raised by the states.

But Midland and Balfour Beatty are engaged only in the first phase of the state development plan. Talks are taking place about finance for later stages. If that finance, once negotiated, is to win ECGD backing, it, too, will be tied to British exports.

British bank offers financ to India

By D. P. Kumar in New

GRINDLAYS BANK is foreign currency fina projects in India.

At a seminar organised bank to explain the s it offers to industriali financial executives, M Armstrong, director of finance for the bank, sa the OECD consensus offered to relatively countries, which India, have been rai 2.5 per cent across th to a minimum of 10 p in the case of cred relatively poor countri

In the international market, against the r interest rate of around cent, West German bar lending at 11 per cent currency mix includes and D-Mark, while th rates vary between 16 per cent.

Against this, the UK p was offering Eurocu loans at 10 per cent i with a larger currenc that included sterling, and D-Marks. The Ja are still offering at 9-9. cent, but only in yen.

Another strong point in of the British package by the Grindlays Bank, involves a 2.5 per subsidy from the Goverr said Mr Armstrong, wa the exchange rate fluctu in the case of sterling a other European curr were less violent tha rest of the Eurocurren

Boost for Britain's furniture trade

BY GARETH GRIFFITHS

BRITISH FURNITURE exports to West Germany should increase shortly because of the recent weakness in sterling and in spite of a decline in the West German furniture market, the German Timber and Associated Industries Federation, predicted yesterday.

Mr Erich Naumann, the federation's deputy general secretary, in a speech at the London launch of the 1982 International Furniture Fair at Cologne, said that the furniture industry throughout Europe was in a generally unsatisfactory condition.

This was reflected in the fall in British furniture exports to West Germany during the first half of 1981. Exports fell by 12.1 per cent from DM 55.6m (£12.9m) in the same period last year to DM 48.9m (£11.4m).

West German furniture imports at DM 1.5bn (£348m) remained static in volume, while the country's furniture output had fallen.

West German furniture sales are doing significantly better in the British market with West German furniture imports in the UK up 30.2 per cent in the first six months of this year to DM 145.5m (£33.8m).

The hard-pressed British furniture industry has recently seen a fall in foreign competition, although domestic deliveries to shops in the three months to the end of August were down by 9.5 per cent on the same period last year.

UK food exporters in Netherlands drive

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BRITAIN'S food manufacturers are to launch an export drive to sell processed food to the Netherlands.

The move was announced yesterday by the Food Manufacturers' Federation and the British Overseas Trade Board. The export drive is being based on a special marketing study of the Netherlands' market which suggested that an extra £65m of British foodstuffs could be exported.

The marketing plan was revealed yesterday to senior executives from the food industry meeting in London.

The marketing plan put forward yesterday embraces exhibitions, food promotions, special contacts through embassies and a general promotion of the British image of food abroad. The total cost is estimated at about £500,000.

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ENERGY REVIEW

How Saudis control the oil price

By Ray Dafter, Energy Editor

ARABIA is in no mood its grip now that it has the upper hand in its e for pricing unity within ganisation of Petroleum ng Countries.

is more the kingdom is ting on its laurels as the most important oil pro- For a special kind of bility is attached to the possessor of the largest oil reserves ing the biggest onshore shore fields); the premier r of crude; and the of the fifth largest gas reserves.

Saudis have become con- that their overwhelming of wealth—hydrocarbon —could be priced out of rket by the action of the hawkish members of

this in mind, Sheikh Zaki Yamani, the Saudi r of Petroleum, last week ed that the kingdom again flood the oil market r exporters threatened to the Opec price freeze ent which is designed to he reference price of ight crude at $34 a barrel t least the end of next

i Arabia's output has settled at about 8.5m a day having been to a shade over 9.6m b/d iately before the pricing ent last month. The m's production could go higher—to around 11m a sustained basis, accord- Sheikh Yamani.

Saudis may have to open control valves if, as many observers fear, there is r political or military ption to world oil sup- in the next few years. sor Morris Adelman, ent of the International ation of Energy Econo- expressed such fears at ociation's annual meeting ston on Friday.

atted markets and disap- g revenues generate al and external conflict," d. "Whatever happens, ll face temporary disrup- in supplies." Warning he present soft state of l market was politically cus, Professor Adelman ted a substantial increase U.S. Strategic Petroleum e.

rding to widespread y reports Saudi Arabia thinking of building a ic store of oil. After all, gdom cannot continue to supply to the world—or possibly even its own industries—if it is the one caught in a conflict without protected oil reserves. There is considerable talk around Yanbu, on the Red Sea, that local mines might be used as strategic underground storage.

Such speculation is dismissed by Sheikh Yamani, however. "It sounds like a joke, eh?" he commented last week during a lengthy interview in Riyadh with British energy journalists.

The kingdom, he said, was planning normal storage and distribution systems to cope with crude oil supplies and the growth in refined products. He expected that storage would be built to handle about a week's supply of exported crude (some 60m barrels) and about a month's supply of refined products (some 55m barrels based on 1985 capacity estimates).

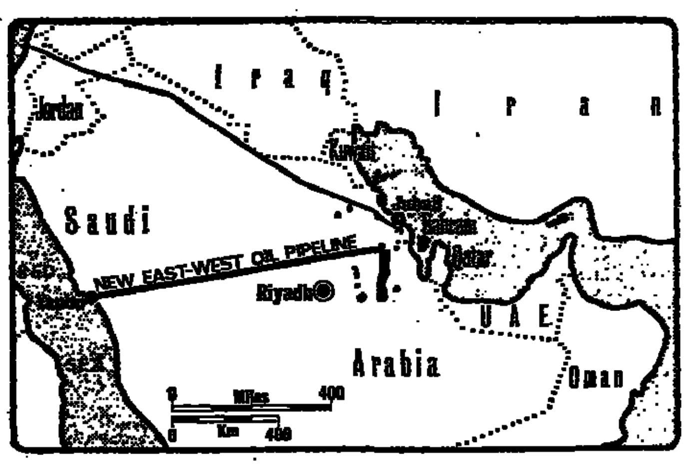
Much of the storage is already in place in tank farms. Sheikh Yamani concedes that officials were studying whether it would be better to expand by building more tanks or using underground storage.

But strategic energy developments are in hand in Saudi Arabia. In order to reduce their reliance on shipments through the Gulf and the Straits of Hormuz the Saudis have just built a 750-mile pipeline across the kingdom to a new export terminal at Yanbu. The 48-inch diameter pipeline, built at a cost of $1.6bn, is already carrying about 1m b/d of crude, some 55 per cent of its capacity.

The Saudi Government is now looking at ways of expanding this capacity. There are two basic options: extra pipeline sections could be laid to provide 2.35m b/d of capacity or the Saudis could build a completely new line to double the existing capacity to 3.6m b/d.

Sheikh Yamani tantalisingly hinted that it was not beyond question that Iraqi oil could be carried through an expanded pipeline. Iraq, still embroiled in its war with Iran, has the potential for being the world's second largest oil exporter. It is also one of the few countries holding the promise of major undiscovered oil fields.

But Saudi Arabia is far from being a spent force when it comes to discoveries, as Sheikh Yamani pointed out. In spite of the kingdom's high production rate, oil explorers are still adding to proven reserves even though their search is concentrated in the eastern province, well picked over by members of the Arabian American Oil Company (Aramco)—Exxon, Standard Oil of California, Texaco and Mobil.



Graham Lever

Last year Aramco made five new oil discoveries: Dawl, Salsal, Jubah, Nita and Dahaynah. Six new productive reservoirs were also found in existing fields. At present the company is using 27 large rigs for exploration and production wells while five seismographic parties are making surveys in new prospective areas.

Since the end of 1976 Aramco has added 61bn barrels to its probable reserves (the amount of oil expected to be recovered using proven production technology). That increase alone is almost as large as the individual proven reserves of Kuwait and the Soviet Union; or, put another way, enough to meet worldwide oil demand for the next three years.

The size of Saudi Arabia's oil reserves is a matter of some controversy. According to the Oil and Gas Journal's widely quoted estimates, Saudi proven reserves are 165bn barrels—a quarter of the world's total. Aramco, which controls about 97 per cent of the kingdom's reserves, says that its proven reserves amount to 113.5bn barrels. Aramco estimates that its probable reserves are nearer 179bn barrels.

According to Sheikh Yamani, the Saudi Government takes what it claims is a "conservative" view that proven reserves are 173bn barrels. In between swigs from a bottle of mineral water the oil minister hinted that the amount of oil found so far could be very much greater. If the Saudis applied less-conservative methods of reserve appraisal adopted by some other producers, like Mexico, "you would have to fasten your seat belts," he said. "You would be amazed."

Sheikh Yamani also hinted that new companies—other than those in the Aramco partnership—may be allowed to explore for oil in untapped areas of the kingdom. A number of companies—inside and outside of Aramco—are becoming excited about the prospect for new Saudi exploration: for there is general agreement that much more oil remains to be discovered, particularly in the area between Riyadh and the Iraqi border.

A report, prepared by the Italian oil company, Agip, and published in the current issue of Opec Review, states that Saudi Arabia (along with Iran and Iraq) has "very interesting" prospects for much more exploration and development.

Dr Marcello Colitti, Agip vice-president, writes that a number of giant fields have been found but not yet developed in the kingdom. Furthermore "numerous" other large fields remain unexploited "because they are considered small by the standards of the country."

Saudi Arabia has no need to rush into an extensive programme of exploration and development. At the current rate of production the kingdom has sufficient proven reserves to last for half a century.

On the other hand the Saudis may want geographically to broaden their production capacity for strategic reasons. Certainly they will want to keep a healthy reserves-to-production ratio given the importance of oil and associated natural gas to their economy and industrial development programmes.

As part of the kingdom's $240bn third development plan for the period 1980-1985, two huge industrial complexes are *now taking shape on once* desolate coastal sites—at Yanbu on the Red Sea and Jubail on the Gulf. Within the next decade the Saudis will emerge as a significant force in the production of petrochemicals, fertilisers and refined products.

The state-owned Saudi Basic Industries Corporation (Sabic) has embarked on a number of joint venture operations with international companies. Among those co-operating with Sabic in these worldscale projects, costing a total of $11bn to $14bn, are Shell, Exxon, Dow, Mobil, Celanese, Texas Eastern and a number of Japanese concerns. Sabic—which will be opened to private investment within the next few years—is now looking at opportunities for manufacturing intermediate chemical products in association with private partners.

The economics of producing chemicals in the Middle East—often regarded as prohibitive by Western companies in the past—have been helped by the relatively low prices charged for feedstock and fuel.

Mr Abdul Aziz Al Zamil, vice chairman and managing director of Sabic, makes no apologies for helping the projects in this way: "Canada has huge volumes of water which is used to generate electricity for its aluminium industry. If Canada had to pay the same price for water that we have to pay they would never have built those projects."

In spite of the growth in basic industries and export refineries Saudi Arabia will remain overwhelmingly dependent on its crude oil production for the foreseeable future. Estimates within the kingdom suggest that the Saudis need to produce about 7m barrels a day in order to fund its social and industrial development programmes as well as to meet its defence and aid commitments.

Saudi Arabia cannot afford to let the world turn its back on oil. The speed with which the West reacted to the big oil price rises of 1979 and 1980—in terms of economic recession, conservation measures and the drive for alternative energies — shocked Opec in general and Saudi Arabia in particular.

Sheikh Yamani recognises that there is only limited scope for oil prices to rise in real terms, certainly not the 2.5 to 3 per cent per annum implicit in Opec's proposed Long-Term Strategy.

So at the next Opec meeting in Abu Dhabi next month Sheikh Yamani may well put forward a new formula for long-term price movements, one which will be more flexible and which will keep open the door for price reductions as well as price rises. The old pricing formula is dead, he said.

Recalling the recent Opec meeting in Geneva—and taking another swig of water—Sheikh Yamani commented: "We learned for the first time that we could lower prices as well as increase them."

NOTICE OF REDEMPTION

REPUBLIC OF ICELAND
KUWAITI DINARS
$8\frac{3}{4}$% BONDS DUE 1982

On behalf of the Republic of Iceland the Gulf Bank KSC, Kuwait informs the bond holders that a selection by lot of the undermentioned bonds for a principal amount of Kuwaiti dinars 1,300,000.- has been made, in the presence of Al Saleh and Graham and James, legal consultants for redemption at par on 1st December 1981.

BONDS OF K.D. 1,000/- EACH

1	3	9	12	15	17	19	20	21	22	23	26
30	35	37	38	39	46	47	49	50	53	54	56
59	60	62	63	64	65	74	75	85	86	90	101
103	106	107	114	116	121	129	138	141	142	143	144
145	147	148	151	152	153	156	157	167	168	176	177
178	185	186	189	191	194	195	199	200	205	206	219
220	223	224	226	229	235	236	238	241	242	243	247
248	252	253	254	255	258	259	263	264	269	270	271
273	286	287	289	292	293	309	310	311	312	316	318
321	326	327	330	332	333	334	335	336	337	338	340
342	344	348	352	353	358	365	378	384	387	389	398
399	402	404	405	409	415	417	418	425	430	432	440
442	443	445	454	459	461	462	465	470	471	489	491
500	501	502	503	508	513	515	517	522	524	525	528
531	535	546	551	553	562	563	564	565	569	571	574
580	581	584	585	586	591	595	596	599	601	603	607
617	624	625	626	627	628	629	631	632	633	634	636
635	638	642	647	653	656	659	665	667	668	672	675
687	695	699	704	705	708	709	711	712	718	719	726
727	729	731	732	733	734	735	742	750	756	759	760
761	763	769	770	773	776	789	791	792	793	795	797
799	801	806	807	816	817	825	826	827	829	833	834
837	842	850	852	862	867	881	884	885	887	889	892
895	897	898	908	917	921	924	932	934	936	942	957
958	961	966	969	970	975	976	977	981	982	985	987
1001	1002	1003	1005	1006	1008	1010	1013	1014	1015	1016	1017
1021	1025	1026	1031	1040	1043	1047	1059	1061	1066	1067	1070
1071	1072	1073	1074	1081	1082	1083	1091	1094	1095	1096	1097
1098	1101	1103	1106	1110	1111	1112	1115	1116	1117	1121	1122
1130	1133	1135	1143	1146	1147	1148	1149	1150	1160	1162	1168
1173	1176	1178	1179	1181	1188	1189	1193	1200	1201	1202	1207
1209	1214	1215	1217	1226	1230	1231	1232	1233	1237	1241	1243
1247	1253	1259	1264	1265	1269	1270	1271	1272	1273	1275	1279
1280	1281	1288	1295	1296	1297	1298	1303	1304	1305	1310	1314
1316	1318	1322	1323	1324	1326	1329	1332	1333	1334	1337	1339
1340	1341	1342	1345	1348	1354	1357	1358	1364	1365	1366	1367
1368	1369	1370	1371	1372	1385	1386	1387	1388	1392	1405	1408
1410	1418	1424	1425	1426	1427	1428	1429	1432	1433	1436	1438
1439	1441	1449	1455	1456	1457	1460	1469	1470	1471	1472	1473
1474	1478	1480	1481	1485	1487	1491	1500	1502	1506	1508	1512
1513	1526	1529	1530	1531	1533	1536	1538	1539	1544	1548	1549
1552	1553	1559	1566	1567	1570	1575	1578	1583	1585	1586	1588
1589	1590	1591	1592	1597	1598	1600	1603	1604	1605	1606	1607
1609	1612	1613	1614	1615	1618	1623	1624	1625	1626	1633	1634
1640	1648	1659	1671	1674	1675	1676	1677	1681	1684	1689	1690
1694	1695	1696	1697	1700	1705	1707	1708	1709	1712	1713	1715
1717	1720	1722	1726	1731	1734	1740	1741	1747	1750	1753	1757
1758	1759	1761	1763	1764	1768	1773	1777	1778	1779	1780	1785
1786	1787	1788	1793	1800	1802	1803	1804	1805	1807	1808	1812
1813	1817	1820	1827	1831	1832	1835	1836	1838	1842	1846	1847
1848	1851	1852	1854	1855	1863	1865	1866	1868	1872	1880	1881
1883	1884	1895	1896	1897	1900	1905	1906	1907	1910	1917	1919
1920	1921	1922	1923	1935	1936	1937	1938	1942	1944	1955	1957
1968	1973	1975	1979	1989	1990	1991	1993	1995	2000	2025	2030
2033	2035	2037	2043	2047	2048	2049	2051	2054	2055	2057	2058
2059	2060	2062	2065	2068	2069	2070	2074	2075	2078	2089	2090
2091	2092	2095	2106	2107	2110	2111	2116	2128	2129	2142	2151
2152	2153	2156	2157	2161	2162	2163	2165	2170	2171	2172	2173
2174	2175	2176	2177	2178	2180	2181	2190	2196	2201	2224	2225
2238	2240	2259	2260	2261	2262	2265	2266	2267	2268	2270	2272
2273	2298	2299	2300	2302	2303	2304	2305	2306	2311	2312	2313
2315	2319	2320	2322	2323	2324	2325	2326	2327	2328	2332	2338
2341	2343	2344	2345	2346	2347	2349	2352	2353	2354	2357	2358
2359	2363	2365	2369	2378	2380	2381	2384	2385	2386	2387	2390
2396	2408	2416	2417	2422	2429	2436	2440	2457	2459	2462	2465
2466	2469	2470	2471	2473	2475	2476	2478	2481	2482	2487	2488
2490	2491	2492	2499	2500	2502	2505	2506	2515	2517	2518	2519
2520	2525	2526	2528	2529	2531	2533	2535	2536	2539	2540	2544
2545	2547	2548	2549	2556	2568	2570	2572	2580	2581	2582	2585
2587	2591	2593	2598	2599	2602	2605	2607	2614	2616	2620	2622
2623	2629	2630	2632	2636	2639	2640	2647	2654	2655	2656	2663
2664	2665	2668	2674	2677	2679	2680	2685	2686	2691	2719	2720
2721	2724	2730	2732	2733	2735	2736	2737	2739	2745	2746	2748
2749	2756	2763	2764	2765	2766	2767	2768	2774	2775	2776	2778
2779	2780	2782	2783	2784	2785	2788	2813	2819	2820	2824	2825
2826	2830	2836	2838	2847	2853	2854	2855	2867	2869	2870	2871
2872	2873	2874	2877	2878	2879	2887	2888	2889	2890	2891	2892
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2939	2940	2943	2947	[illegible]	2953	2954	2957	2958	2960	2961	2962
2963	2967	2970	2971	2973	2979	2980	2984	2985	2986	2988	2990
2993	3008	3010	3011	3012	3014	3016	3018	3024	3025	3026	3027
3028	3029	3030	3031	3033	3034	3037	3038	3039	3040	3041	3042
3043	3045	3046	3047	3048	3057	3060	3070	3071	3082	3083	3085
3086	3087	3088	3091	3095	3100	3103	3104	3106	3109	3116	3119
3122	3125	3128	3131	3144	3145	3146	3147	3152	3155	3156	3157
3162	3166	3168	3169	3170	3171	3173	3181	3183	3185	3186	3189
3191	3192	3194	3195	3197	3201	3204	3205	3206	3207	3209	3210
3211	3220	3221	3225	3226	3227	3231	3232	3233	3234	3237	3239
3247	3248	3253	3259	3260	3261	3262	3265	3266	3267	3270	3271
3272	3275	3276	3287	3288	3292	3293	3297	3298	3299	3300	3302
3308	3312	3313	3317	3327	3332	3341	3345	3346	3348	3349	3350
3351	3353	3354	3355	3357	3361	3364	3365	3375	3386	3388	3402
3406	3407	3408	3409	3416	3426	3428	3433	3434	3435	3436	3439
3440	3444	3445	3451	3453	3454	3455	3461	3466	3474	3475	3476
3477	3478	3479	3481	3482	3484	3488	3489	3491	3496	3500	3503
3504	3506	3507	3509	3510	3514	3522	3523	3527	3532	3534	3537
3539	3540	3548	3556	3557	3562	3565	3567	3571	3572	3573	3574
3575	3576	3577	3578	3584	3586	3590	3592	3593	3594	3595	3600
3606	3612	3613	3626	3627	3628	3631	3641	3642	3646	3652	3657
3658	3669	3672	3677	3679	3681	3684	3688	3689	3690	3691	3697
3700	3702	3705	3707	3708	3714	3723	3727	3728	3729	3735	3736
3737	3738	3741	3742	3743	3744	3748	3751	3759	3765	3773	3778
3779	3780	3784	3785	3786	3787	3789	3794	3795	3796	3797	3800
3812	3815	3820	3821	3823	3825	3826	3827	3829	3837	3845	3847
3848	3851	3853	3855	3856	3863	3864	3868	3869	3870	3871	3874
3875	3877	3883	3885	3888	3894	3895	3897	3899	3907	3908	3909
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3939	3941	3943	3944	3948	3951	3954	3955	3960	3963	3966	3977
3979	3987	3988	3990								

The bonds designated above will be repaid at their nominal value on or after 1st December, 1981 at the offices of the paying agents listed on the bonds upon presentation and surrender thereof with all coupons appertaining thereto maturing after redemption date.

Coupons due 1st December 1981 should be detached and collected in the usual manner. On and after 1st December, 1981 interest shall cease to accrue on the bonds herein designated for redemption.

Off-licence drinks sales market 'still buoyant'

By Gareth Griffiths

TAKE-HOME drinks sales last year continued to be buoyant for the off-licence trade and were particularly good for grocers, in spite of the decline in total drinks sales, Nielsen, a market research company, said in a report published yesterday.

Nielsen said the recession's effect had not reduced take-home alcohol sales but had concentrated spending at specific times of the year, especially near Christmas and the Budget.

Off-licence sales were worth £1.7bn in 1980. Lager and table-wine expanded the take-home market. Ales and ciders declined in popularity although in recent months there were reports that cider sales had picked up.

Nielsen said take-home drink prices last year rose by 12 per cent, compared with an 18 per cent average inflation rate. This gave take-home drinks a marked price advantage, particularly compared with prices of drinks in public-houses.

Spirits, particularly whisky, gin and vodka, still accounted for almost half the total take-home market. In 1980 there was, however, a dramatic drop in the volume of sales, disguised in the figures by their much higher costs per bottle.

Nielsen Researcher. Nielsen House, Headington, Oxford.

Bankers may seek injection of fresh funds into Laker Airlines

BY ALAN FRIEDMAN

SIR FREDDIE LAKER may have to reduce his personal 90 per cent shareholding in Laker Airways International as a result of a possible capital injection from outside the company.

Bankers involved in the rescheduling of $300m (£156m) of outstanding debt are said to be pressing for the injection of fresh funds into Laker's beleaguered balance sheet.

Laker Airways' total equity base is about £23m of which £18m is in reserves and £5m in share capital. Total net borrowings, meanwhile, amount to nearly seven times the size of the equity base.

Sir Freddie owns 4.5m £1 shares and his former wife owns a further 500,000 shares.

According to bankers in London, Sir Freddie will probably be asked to consider a capital injection from outside the company. A second option might be the conversion of some of Laker's long-term debt into an equity stake.

Like the sale of one or more aircraft in the Laker fleet, the question of an injection of capital is not being put to Sir Freddie as a formal condition of the 12-month rescheduling arrangement. The rescheduling was approved last week by Eximbank's syndicate and waits the approval of the loan syndicate led by Midland Bank International.

Another suggestion being put to Laker Airways by its bankers is the strengthening of the airline's management. Sir Freddie serves as chairman and managing director and has a small team of senior managers who run the airline.

At a minimum, bankers say the financial reporting procedures between Laker Airways and its loan syndicates will have to be "regularised."

City's foreign banks double in a decade

BY OUR BANKING CORRESPONDENT

THE City of London's foreign banking community has more than doubled over the last decade and the numbers employed has risen by 157 per cent to over 32,000.

Over the last year, 24 foreign banks have opened offices in London and seven banks have closed their London operations, taking the number of banks directly represented in the City to 355. In addition, another 65 are indirectly represented through links with London consortium banks.

Details of this growth are contained in the latest issue of The Banker.

Aside from the increase in the numbers of foreign banks in the City and a 4.8 per cent increase in the numbers employed over the last year, The Banker notes that the foreign banks' share of the sterling lending market has increased from 17 per cent to 19 per cent—probably its highest level ever.

Traditionally, foreign banks in London have concentrated on foreign currency lending where they have 72 per cent of the market.

In July 1981 foreign banks in the UK boasted total assets of £237.9bn, sterling advances of £11.4bn and foreign currency advances of £43.9bn.

Among the newcomers to London are three Latin American banks, and 10 European banks including Germany's DG Bank, Belgium's Kredietbank and the Dutch NV Slavenburg's Bank.

Of the 355 foreign banks directly represented in the City, 204 operate through a full service branch, 18 through subsidiaries and 133 through representative offices.

Pilot plan for young jobless launched

By Nick Garnett, Northern Correspondent

A UNIQUE training initiative for the young unemployed, which the Manpower Services Commission will use as a pilot scheme for possible extension elsewhere, was announced yesterday in Birkenhead, Merseyside.

The project, into which the commission is putting £450,000 in a full year, puts Youth Employment Programme schemes and those which follow it under one roof. It is designed to cater for 350 young people when it gets fully off the ground in January. Of these 260 will train full time.

Wirral Borough Council, which provides the building, will make up the cost deficit of the project, expected to be £100,000 in a full year.

The schemes involve a training workshop, a vocational induction programme, and community projects, all designed to provide basic job skills.

The workshop will have seconded staff from the council's further education department, giving training in wood, metal, handcrafts and services, including landscaping and gardening.

Full and part-time training is provided for a range of occupations.

British Gas forms 3-man team for talks on price of supplies

BY RAY DAFTER, ENERGY EDITOR

BRITISH GAS Corporation, which has been pitched into a battle over the price of supplies, has set up a three-man team of managers to handle the negotiations.

The state-owned corporation said the team had been formed to meet the increased workload of the petroleum purchasing department. "It is hard bargaining all the way and it is getting harder year by year."

British Gas is coming under increasing pressure to raise the price for North Sea supplies. Oil companies have complained to the Government that prices previously paid are too low. to increase competition

Mr Nigel Lawson, Energy Secretary, has said he plans to end the corporation's monopoly right of supply and distribution

British Gas said last night that the decision to set up the team, under Mr James Allcock, director of petroleum purchasing, had been taken before Mr Lawson's announcement.

The three new managers are: Mr Geoffrey Moore, whose work will involve policy formation, financial appraisal, and co-ordination of the team's work with other departments;

Mr Ken Williams, responsible for buying gas from the southern basin of the North Sea, from Algeria and certain UK gas fields;

Mr James Lister, responsible for buying gas from northern basin of the North and for handling the buying selling of crude oil and ducts.

Mr Moore joined the Council—now the corporatic as an economist in 1963 and appointed chief supplies of in 1977.

Mr Williams, a specialis industrial marketing and chasing, worked for Courtau ICI and Union Carbine be joining British Gas earlier year.

Mr Lister worked in the industry with Stewarts Lloyds for 14 years before ing the Gas Council in 1967.

Councils urged to contract out

BY ROBIN PAULEY

LOCAL authorities could save large amounts of money and improve efficiency by using private contractors more, says a report by Coopers and Lybrand, management consultants, for the Environment Department.

In spite of local authority scepticism there is plenty of scope for private companies to take on refuse collection, waste disposal and a number of public leisure facilities. Standards would not necessarily suffer and economies could be achieved just by contracting some traditional council work out to the private sector

The quality of budgetary information is "poor" and few budgets highlight pricing and service delivery alternatives. Token gestures were made towards the use of comparative information but the "overwhelming impression" was that few councils believed in the usefulness of such an exercise.

Weaknesses in financial control included little evidence of current cost of depreciation accounting, widespread failure to charge out appropriately central administration and overheads to particular servi plus the practice of some m departments of operating t own financial control syste separate from the treasur controls, and based on diffe cost and income analyses.

Management solutions v not being advocated, at expense of the role of ele members who should tak more active part but such increased role would only effective if it was prop informed and advised.

Service Provision and Pri in Local Government; SO;

Black and Decker brings its strength to bear on the market for keep fit equipment

Gareth Griffiths examines an expanding sector of the sports industry

A MAJOR PUSH is on to persuade the 54 per cent of the British population who believe they should take more exercise, but may be too embarrassed to go jogging, to buy keep fit equipment.

The sector is the fastest expanding part of the sports industry. The range of exerciser bicycles, rowing machines and body building equipment is large and growing, particularly on the pages of mail order catalogues.

The decision last month, however, by the UK subsidiary of Black and Decker, the U.S. power tool group, to enter the market, has led to fears that it might become overcrowded.

Black and Decker is producing a rowing machine, a pacer and a sprinting machine which the company says will be cheap compared with existing products. The Rower and Sprinter are £44.95 each and the Pacer £39.95.

Black and Decker plans to use the UK as a springboard to export keep fit equipment to EEC countries, having spent three years evaluating the project and the market. There are already plans to extend the range during the next couple of years.

UK sales of keep fit equipment will treble from £20m a year to £60m a year in 1984, according to company forecasts. Black and Decker is spending £1m on changes to tooling equipment at its Spennymoor factory in County Durham and £750,000 on promotion.

Within the keep fit equipment market only Leisure Arts of Norwich has a similarly recognisable brand name in its Bullworker body builder, which it imports from West Germany.

Black and Decker plans to produce 250,000 machines in the first year and eventually take half the British market. The management hopes the combination of a known brand name and Black and Decker's back-up servicing to retailers will make the range a market leader.

Although sports equipment production doubled in the UK during the 1970s, the evidence suggests that the industry is crowded with a large number of small companies and high import penetration. Black and Decker seeks comfort, though, in the trend towards greater public interest in keeping healthy.

A Marplan survey published at the time of the Black and Decker launch found that 41 per cent of British adults over 25 had taken no exercise at all in the past six months. About 84 per cent said they were more concerned about their health today than ever before.

Black and Decker thinks the survey confirms its belief that many people are too embarrassed to take part in organised exercise in public and that these people present a large market for its home exercisers.

In the U.S., keep fit has become a multi-billion dollar industry with exercise programmes an integral part of much of business life. There are 32.7m joggers in the U.S. and the keep fit equipment manufacturers believe that the UK will follow the American trend.

Most of the UK's 300 sports equipment companies are small, with half employing 10 or less people according to the Government's census of production. Most are unknown, although Dunlop and Trust House Forte have subsidiaries in the sector.

In clothing, fishing tackle and rackets the already high import penetration of the market is increasing and probably at least half the keep fit equipment in the UK is imported.

Mr David Norman, president of the British Sports and Allied Industries Federation with just over 300 member companies in manufacturing and wholesaling, believes that Black and Decker may have overestimated the size of the potential market. He argues that sports equipment has become a crowded sector.

The experience of the sports division of the Austrian Steyr-Daimler-Puch's British subsidiary, however, adds some weight to Black and Decker's optimism. Although the company is reluctant to admit it sales of Puch keep fit equipment during the past year have doubled to 20,000 units and turnover increased to £2m.

Puch sells its equipment through a production arrangement with Tunturi, a Finnish company. Nearly all of it is imported from Finland and Spain. The range is aimed at the top end of the market with the emphasis on durability and quality.

Puch-Tunturi, which has been in the market since 1970, sells a home cycle—the Ergometer—a rowing machine, a treadmill and a range of weightlifting equipment.

Mrs Janet Stirland, Puch-Tunturi products manager, believes that the growth rate of the company is mainly related to the increasing awarenes of keeping fit. But the company is more restrained in its estimates of market growth than Black and Decker.

The company has benefited more than most from an institutional market of health clubs, sports centres and clinics. This demand may be set to because of spending cuts i public sector.

The star performer in booming weights sector another foreign subsidi York Barbell, based Northampton and owned York Belletaoin shrdlu ?y York Barbell of On Canada. It imports its barbell kit from Canada. Peter Hallford, the general ager, says British companie retailers in the barbell s were 10 years behind the when the company came t UK last year.

York Barbell has base approach on colourful pa ing, easy storage and a ch price than British weight ing equipment. ... 4 weights sell at £45, half conventional price

ower Ford output targets t Halewood not being met

CK GARNETT, NORTHERN CORRESPONDENT

TARGETS at Ford's d site on Merseyside istently not being met of a scaling down of rgets earlier this year. ompany said yesterday cipal problem was still ility of the workforce antee continuous pro- even though the unions onal level have been a campaign at all K's 23 sites to try to workers to stick to and dispute proce-

management has been ig the problem with d shop stewards. Mr illiams, Ford Europe ident for power train ns, has also been out- the stewards specific problems at the trans- plant which supplies s to several models at sites in West Ger- well as in the UK. ood originally had a itput target of about scorts a day, broadly to the target for Saar- West Germany which stream along with the Merseyside site last year.

The company says Halewood's output varies very considerably from day to day, however, and is usually between 800 and 900 vehicles. Shop stewards say it is normally above 900.

Earlier this year, the company scaled down its hoped-for production schedule at Halewood from 1,050 to just under 1,000 vehicles daily. This appears to have been a reflection that management was initially over-optimistic about the contraints imposed upon it by, among other things, union organisation and the attitude of the local workforce.

The trimming of the output schedule was partly carried out to assist the marketing department and sales force in dealing with delivery times and the supply to dealers. These activities had been geared to the original production target figures.

Apart from supplying the UK market and knock-down kits for export. Halewood is the only European source for Escort vans and exports a considerable number of estate vehicles. The number of left-hand drive saloons Halewood is now producing for export, though, is far below that originally envisaged.

The company says the principal reason for this was the initial failure of Halewood to meet its earlier production targets. As a result, Ford's national sales companies on the Continent tended to rely far more than they would normally have done on Saarlouis for supplies. In spite of production difficulties the Escort was Britain's best-selling car in October.

Ford said earlier this month that at the Dagenham site absenteeism, inefficiencies and the inability to get "first-time" quality was causing shortages of Cortinas. Compared with a planned output of 950 cars a day, Dagenham produced an average of only 700 during September and October.

This followed the installation of new equipment for both the existing Cortina and its planned replacement. As a result of the shortfall, Ford has increased its imports of Cortinas from Belgium.

eff warns on risks of unemployment

UR CONSUMER AFFAIRS CORRESPONDENT

RNING that long-term yment could endanger cy was given yesterday d Sieff, chairman of nd Spencer.

Sieff, who was present- isiness enterprise award J. Sainsbury chain, said less the unemployment as tackled "it would demoralisation, socio- c problems and social

lded that "the few sur- emocracies in our sense m of speech, freedom ght and freedom to act bly—are in danger."

Sieff maintained that a of "dynamic free enter- neant that management implement a policy of good human relations as well as seeking high output and extra productivity.

However, he said that "regrettably much top management still believes in telling employees as little as possible of what is happening instead of as much as possible."

Mr Walter Goldsmith, director general of the Institute of Directors, also warned: "British industry cannot continue to bear indefinitely a disproportionate share of the burden of a profusion of local authority services."

He claimed that "the Livingstone tube and bus fare debacle will be nothing to the legal battles between businessmen and local authorities if the rating system remains unreformed."

Sainsburys won the business enterprise award for making the most significant contribution to wealth and job creation over the past year. The chain was selected as winner from a short list of four companies, including Bejam, Horizon Travel and Systime.

Sainsburys was praised by the judging panel for having raised profits by 42 per cent and increasing staff by 13 per cent. Fifteen stores were opened over the last year, bringing its total to more than 250.

Last year's award went to Barratt Developments the building company.

Recovery signs seen in knitting industry

By Anthony Moreton

IMMEDIATE support for Mrs Margaret Thatcher's contention that there was real evidence of a recovery in the economy came yesterday from the unlikely quarter of the beleagured textile industry.

Mr Derek Birch, chairman of the Knitting Industries' Federation, told its annual meeting in Long Eaton, Derbyshire: "There are signs that the worst is now over," though he went on to qualify this slightly by saying the prospects after Christmas for many producers "continue to give rise to anxiety."

The knitting sector of textiles, which is concentrated in the Nottingham-Leicester axis, has been severely hit over the past two years. More than 100 concerns have closed and 20,000 jobs lost.

In knitting a combination of world recession, the Government's attack on inflation and low-cost imports had led to siege-like conditions, with many companies fighting for their survival, Mr Birch said. Where concerns had stayed in business this had frequently been only with short-time working.

There were, however, two portents of comfort.

First, the concerns which had come through the recession had a great deal going for them and were fitter than before "to take full and swift advantage of the upturn as it occurs."

Second, the industry's exports had continued to expand healthily in real terms in spite of the strength of sterling. Britain now exported twice as many goods to EEC countries as it imported.

No pale re-run of a Westminster contest

Anthony Moreton takes an eve-of-poll look at the Isle of Man's quixotic politics.

VOTERS go to the polls tomorrow in the least-noticed general election in the UK. Fifty-four candidates will offer themselves for 13 constituencies and 24 seats. There will be four Labour candidates and two nationalists but for the rest, the political label will be independent.

The election is on the Isle of Man. If the issues have a familiar ring to Britons, such as unemployment and rising prices, there have also been enough local matters—whether the island should continue with the practice of birching; whether it should have low duties on cigarettes and spirits—to ensure this is not just a pale re-run of a Westminster contest.

This year's election will, for the first time, be held on one day. It has been the practice to spread voting over two or three days, which has led to allegations that the results in later-voting constituencies might have been swayed by earlier results. The island has caught up with British practice (which in itself is not all that long-established, having been introduced only in 1929).

The Isle of Man can hold its own general election, a constitutional position to which both Scotland and Wales recently aspired, because it is an independent sovereign state.

Its status *vis-a-vis* Westminster is that of a crown dependency, owing allegiance directly to the sovereign. Its position is almost identical to that of Jersey and Guernsey.

Westminster accepts responsibility for some matters, such as foreign affairs and defence, and technically represents the island before such bodies as the European Court. It is, however, a moot point whether it could enforce within the island any judgment by the court.

This slightly anomolous constitutional position arises because of the historical relationship between the island and Britain. After a period when the Isle of Man was part of the kingdom of Norway, and a long spell when both Scots and English fought over it, Henry IV granted sovereignty in 1406 to the Stanley family (later the Earls of Derby) on payment of "two falcons on paying homage and two falcons to all future kings of England on the day of their coronation."

Following great divisions during the civil war, when the Countess of Derby attempted, against the wishes of the islanders, to hold the island as the last royalist bastion, parliament decided in 1726 to repurchase the island for £70,000 (later upped by another £417,114).

Even before this constitutional juggling, the island had its own parliament, Tynwald, and two chambers. Unlike Westminster, the two chambers come together periodically to comprise Tynwald.

It is to the lower chamber, the House of Keys, that elections are now being held. Two of its 13 constituencies return three members each, seven return two members and four return a single member.

The Keys then elects eight members of the 10-strong legislative council, the upper chamber. In recent years, the Keys has tended to elect members of the council from among its own members, but this is not mandatory. The other two members of the council are the Bishop of Sodor and Man and the Attorney General.

The work of parliament is done in committees, usually four string, comprising members from either house. It frequently happens that a member must propose one course of action in committee and vote against it when the matter comes before the House of Keys or legislative council. That's the way of Manx politics.

It does, however, make for difficulties in predicting the course of events. A debate two years ago on constitutional reform illustrates the unpredictability.

Tynwald had asked Dr David Butler, the Oxford psephologist, to prepare a report on the organisation of political life. Among his proposals were that there should be 24 single-member constituencies.

When Tynwald debated the report it had before it a two-part motion: adherence to the principle of one-man, one-vote in the single-member constituencies and instruction that the lieutenant governor (the Queen's representative: she is the governor) should consider how to implement the proposal. Tynwald rejected the first part of the motion and carried the second.

The official report of the debate later commented with great delicacy that "the effect of this is unclear."

This election, therefore, continues to be held on the old principles. Each voter in Rushen and Middle constituencies has three votes. In Ayre, South Douglas, East Douglas, West Douglas, Garff, Glenfaba and Ramsey it is two votes per man or woman.

Now that all the constituencies are being counted on Thursday night the results will all be announced before midnight. With local radio covering the counts it will be almost like election night on the mainland. It will almost put the Crosby by-election across the water into the shade.

Workers 'only partly understand business objectives'

BY ARNOLD KRANSDORFF

A DEPRESSING picture of how British companies communicate with their workers emerges from a study by The Director, the journal of the Institute of Directors, and Bolton Dickinson, specialists in industrial communications.

More than 100 medium-sized and larger companies believe that less than a tenth of their workers understand fully the objectives of the business from which they get their livelihood. Most of the other employees—nearly 90 per cent—only partially understand their employers' objectives.

Another finding was that this partial comprehension also applies to nearly half of all managers.

The replies to the survey were made by the chief executive or other senior manager of each company. The respondents were all considered among the country's leaders in internal communications.

The majority of companies had operated so-called "enlightened" communications programmes for up to 10 years. Ironically, the major reason why the companies implemented their communications policy in the first place was to "improve employees' understanding of company policy

The survey finds that most of the companies estimated an annual internal communications budget of about £10,000, or about £20 per employee. This is significantly less than that spent by progressive U.S. and mainland European companies.

More than a third of the respondents worked for companies ranked in The Times 1,000 Leading Companies in Britain.

Executive world, Page 16

Mason fends off move to replace her as executrix

By Raymond Hughes, Law Courts Correspondent

MRS PAMELA MASON yesterday successfully resisted an attempt to have heard next week the High Court move to replace her as executrix of her father's estate by a judicial trustee.

Sir Robert Megarry, the vice-chancellor, said that the case should be postponed from next Monday until January 18.

The judge had been told that Mrs Mason's half-sister, Mrs Isabella Blench, was anxious to have a judicial trustee appointed as soon as possible, in order, among other things, to scrutinise agreements made by Mrs Mason for the sale of her controlling interest as her father's executrix, in Illingworth Morris, the world's largest woollen textile business.

Mrs Mason recently agreed to sell 19 per cent of Illingworth's voting shares and 14 per cent of the non-voting shares to an Isle of Man company, Abele.

Abele was also given an option to acquire the dominant interest held by the estate of Mr Isadore Ostrer, father of Mrs Mason and Mrs Blench, in two companies that between them own 27 per cent of Illingworth.

Mr John Mummery, for Mrs Blench, told the vice-chancellor that the evidence in the judicial trustee proceedings had been completed and there was no reason why the hearing should not start next Monday.

Mr Mark Littman QC, for Mrs Mason, said there was no urgency. He pointed out that Mrs Mason would need to be at the hearing, but would have to give five weeks' notice to extricate herself from her television and radio commitments in California.

There were no allegations of breach of trust or misconduct against Mrs Mason, and it had been agreed that the proceeds of sale of the Illingworth shares would be held by solicitors, said Mr Littman.

Double glazing code launched

By David Churchill, Consumer Affairs Correspondent

A CODE of practice for the double glazing industry was launched yesterday to help reduce the 9,000 complaints in this area made each year to the Office of Fair Trading.

The code, which was drawn up by the Glass and Glazing Federation in consultation with the OFT, is designed to tackle such problems as high pressure salesmanship, delays and poor workmanship.

Mr Gordon Borrie, director general of fair trading, said yesterday: "Installing double glazing can make major inroads into any family's budget and in the past it is clear that many people have suffered disappointment and financial loss."

Changes 'only where necessary' in regions

By Anthony Moreton, Regional Affairs Editor

THE GOVERNMENT went some way yesterday to meeting critics of its regional policy by telling MPs that while there was a need for stability in the system, this should not rule out changes "where necessary."

It was replying to the report of the Public Accounts Committee, published in June, which urged the Government to be more flexible in its approach to regional policy, especially when the recession ended.

Some MPs were particularly concerned that regional policy seemed to be regarded by the Government as part of a policy covering the lifetime of this parliament. They said that the recession had borne particularly heavily on the West Midlands, which received no regional development grant.

The Government, in a Treasury minute yesterday, replied that while regional boundaries were altered from time to time, changes should be made only where it was clear that a fundamental structural change had taken place.

"A reasonable measure of stability is necessary if regional aids are to be effective in stimulating investment, since otherwise industrialists contemplating new investment will discount the value of the incentives available."

In a barbed phrase the Government rejects the suggestion that outside academics could have a more important role in policymaking.

Treasury minute on the First, Third to Sixth and Eighth to Seventeenth reports from the Committee of Public Accounts, 1980-81. Command 8413 SO £2.30.

Norman Collins collapse costs S.E. nearly £1.5m

BY CHRISTINE MOIR

THE COLLAPSE of Norman Collins, a two-partner firm of stockbrokers, has cost the other members of the Stock Exchange nearly £1.5m.

The interim report of the Stock Exchange, published yesterday, reveals that the compensation fund, which meets claims from investors caught in a stockbroker collapse, was topped up by £1.46m from general reserves.

Claims paid out almost exclusively to clients of Norman Collins, total £1.48m. The collapse of Hedderwick Sterling Grumbar, with an initial gross deficit of £1.2m. is not being handled through the compensation fund but directly from reserves because it is expected that the Hedderwick liquidator eventually will be able to pay 100p in the £.

The liquidation of Norman Collins will produce only 50p in the £ which will go directly to the compensation fund and will not be available for redistribution to members.

However, since the end of the reporting period—to September 28—the Exchange has cut the general service charge to members back to 1 per cent of chargeable revenue. It has been raised to 1½ per cent to bolster reserves to top up the compensation fund.

The accounts show that the Exchange's services are, in fact, nearly self-financing. Income from Talisman, the computerised settlement system, and from Topic, the new television information network, rose by £1.8m.

With much of the development costs for these systems now behind them, expenditure on them rose by only £1.2m.

Overall, services for the period cost £94,000 net to provide instead of £809,000 for the corresponding period last year. The charge for general services brought in £2.57m compared with £1.74m and income from services £7.89m against £6.3m.

However, the Exchang cost £6.27m to run, a £900,000 increase on the corresponding period. Overall the Exchange was in surplus by £3.87m before tax against £1.37m. After tax the bulk of the surplus would have been absorbed by the transfer to the compensation funds.

J. Lyons acquires Tenco for £21m

BY DUNCAN CAMPBELL-SMITH

J. LYONS & CO, the food and drink division of Allied-Lyons (formerly Allied Breweries), has expanded its North American interests by acquiring Tenco, a subsidiary of the Coca-Cola Co and a world leader in decaffinated-coffee technology.

The purchase has been agreed in principle for a cash price of about $40m (£21m), understood to be based on Tenco's net-asset value. In addition to the U.S. company's main plant in New Jersey, J. Lyons will take over Tenco's packing-factory in south-east London.

The acquired UK business had revenues of £27m last year and employs about 150 workers. It is principally a supplier of instant- and bulk-coffee products and artificial milk-powder to caterers and retailers.

Mr Leonard Badham, Lyon's managing director, said last night he had assured Tenco's London workforce of continued employment and hoped to be able to nurture the business's growth.

The main focus of the acquisition, however, is firmly on Tenco's U.S. business. Lyons has extensive U.S. operations, chiefly through its Baskins-Robbins Ice Cream Company, DCA Food Industries and Tetley subsidiaries.

Tenco is a major supplier of instant tea to Tetley and the two companies—both based on the U.S. Eastern seaboard—have had "a natural business relationship over many years."

While consolidating this relationship the acquisition is also designed to provde Tetley with an entrée into the high-margin soluble-coffee market in the U.S. where it has had no presence until now.

Tenco had a $100m turnover last year in the U.S. Its profits have not been disclosed but Mr Badham said he expected a very satisfactory return, something over 20 per cent, on Lyon's investment. In the year to last March Lyons made £15m, or about half its total pre-tax profits, in North America.

Dilemma for Government on interest rates

Max Wilkinson analyses a shift in policy at the Bank of England

THE BANK of England's restraining hand on Monday against the downward trend of interest rates shows how narrow the Government's path has become between the fear of stimulating inflation and the risk of slowing economic recovery.

It was widely hoped at the weekend that the easing of U.S. interest rates and the relative firmness of sterling would allow a further lifting of the interest rate burden on British industry following last week's ½-point fall in bank base rates.

But just as this expectation was gathering strength, the Bank reversed its policy of the last few weeks when it was accommodating shortages in the money market by buying bills at 14½ per cent. Instead, it decided to meet part of the shortage by lending at the higher rate of 15¼.

The Bank's sudden firmness was underscored by Sir Geoffrey Howe, Chancellor of the Exchequer, when he told the Treasury and Civil Service Committee on Monday of his concern that the Government's target for monetary growth may be overshot this year.

He stressed that interest rates had been raised in the early autumn partly at least because of anxiety that the target of 6 to 10 per cent growth in sterling M3 would be overshot this year.

However, in September, when the Bank signalled a rise in base rates by lifting its overnight lending rate, the main reason was said to be concern about the fall of sterling against the dollar (although growth of the domestic money supply was also mentioned).

The mixture of exchange rate and domestic monetary considerations which govern the authorities' policy on interest rates appeared perhaps a little confusing to some committee members, in spite of Sir Geoffrey's valiant efforts to set out the complexities.

Confusing or not, the Government's strategy certainly appears to have become more complex since the sterling M3 monetary indicator became the main instrument to control the level of inflation.

Then there were some at least who thought interest rates could be used as a fairly precise lever to keep sterling M3 (and hence, it was argued, inflation) on the desired path—while the exchange rate could float free.

This year, however, with the monetary indicator put largely out of action by the civil servants' strike and sterling in a fairly steep dive against the dollar, the ride has been a good deal more bumpy.

This has caused a series of sharp changes of interest rates and the need for a much more "seat of the pants" approach from the authorities.

The choice of what level of interest rates to aim at has been made harder by the rather faltering signs that a recovery may be underway.

If rates remain high, the chances that companies will build up stocks and increase capital investment are bound to be lessened.

In the latest edition of th Lloyds Bank Bulletin, M Christopher Johnson, th bank's economic adviser estimates that if currer interest rates were maintaine for the first quarter of nex year, output could fall by ½ pe cent next year after an est mated fall of 1½ per cent i 1981.

He believes interest rate would need to fall to 10 pe cent to stimulate a growth output of 1.4 per cent.

Some economists, like M Johnson, believe a cut in i terest rates would have favourable effect on outpu outweighing the possible ba effects on sterling M3 and prices.

But the Government wou be unlikely to favour any sha fall of interest rates if it fe this would significantly weak sterling.

The rise of import pric which followed the decline sterling earlier this year h already given a most unwelcon boost to inflationary pressur The Government's hope single figure inflation m therefore be delayed until t beginning of 1983.

Ways sought to boost response to vehicle recalls

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE Department of Transport and the motor industry are looking at ways to improve vehicle owners' response to safety recalls.

The average response rate to campaigns which have been monitored for nine months or more—the sort of time it takes for a campgain to approach its optimum level—has been so far 73 per cent for cars, 75 per cent for commercial vehicles and 84 per cent for public service vehicles.

The car figure is at least 10 per cent higher than in the U.S. where recalls are more frequent.

Mr David Howell, Transport Secretary, said yesterday that the UK response rate, although good, "is not good enough. The car driver and lorry and bus operator should know that in failing to react quickly to recall notices they may be putting their own lives at risk and those of others, too.

"My department and the Society of Motor Manufacturers and Traders are looking closely at ways of improving response rates further."

The measures being considered include the possible issue of pre-paid envelopes which owners could pass on if the vehicle has been sold, lists of owners being produced more quickly by the Swansea licensing centre computer and a change in the format of recall notices to make them look less like advertisements.

In the first half of this year there were 41 safety recall campaigns involving about 250,(vehicles (including 175,155 ca and most—25 out of the 41 concerned brake or steeri defects.

The UK recall system, devi by the Transport Departme and the SMMT, came into ope tion last year. Since then th has been a steady improvem in the response by owners operators "reflecting the eff made by manufacturers develop more effective re procedures," according to department.

Minority fears on attacks 'justified'

By Gareth Griffiths

MR William Whitelaw, the Home Secretary, said yesterday that anxieties expressed by the ethnic minority committees in the UK about racial attacks were justified and that racially motivated attacks, particularly on Asians, were more common than the Government had supposed.

The Home Secretary, in the foreword to a study produced by his department on racial attacks, said the Government intended to integrate its plans for combating racial attacks with the planned strategy that will emerge from the forthcoming report by Lord Scarman on the riots earlier this year.

The Government had already intended to boost liaison arrangements between the police, local authorities and ethnic minority communities. Training for police, to make them more sensitive towards the phenomenon of racial atacks and their severe impact on minority communities, will be stepped up and the ethnic minorities will be asked to help the police in this.

All racial attacks should be immediately reported to the police and the Government is to look at ways of combating racialist activity and propaganda among young people, particularly in schools and at football grounds.

Mr Whitelaw has ruled against setting up specialised police units to deal with specifically racialist attacks. It was the Home Office line to leave police policy to chief constables to deploy their officers in the way best calculated to instil an appreciation of the problem throughout the force, rather than within a small specialised unit.

The Home Office started its investigations into racial attacks and extremist racist organisations in February. This followed a delegation from the Conservative, Liberal and Labour parties, the churches and the Jewish and Asian communities which expressed concern about the rising incidence of racially-motivated attacks on people, property and places of worship.

The report found that the influence of racist groups on the level and incidence of attacks was not great and argued that most of the attacks it documented require little or no advance planning.

The Home Office warns that the study has inevitably been no more than a snapshot of a situation which requires persistent attention. It is necessary in particular, to keep the activities of extremist organisations under close-review.

Mr David Lane, chairman of the Commission for Racial Equality said of the report yesterday: "The picture now revealed is shocking . . . This violence is an evil growth which poisons race relations. It needs to be condemned and stamped out by the whole of society so that people of all races and colours can lead their daily lives without fear.

Homes 'fully plugged in by 2000'

BY JASON CRISP

BY THE end of the century the home will have its own telecommunications network linking a range of functions, the FT world telecommunications conference heard yesterday.

Mr Michael Aldridge, managing director of Rediffusion Computers, said: "It is already beginning to happen. The first generation of micro-based appliances produced kitchen timers and power tools.

"Second generation appliances are already providing some interaction for residential remote control and home security systems. New generations of appliances will provide integrated home microprocessor networks."

The appliances would cut energy consumption and provide convenient monitoring and security.

Home systems would have up to four external means of communicating: the telephone, a broad band two-way system using similar technology to cable TV, an antenna for broadcast and teletext reception, and possibly a dish aerial for receiving satellite signals.

One of the most neglected areas in communications was the local or district loop for residential customers, providing multi-channel television and two-wty transactional services such as tele-banking and teleshopping.

"These loops do not exist in the UK and none are currently planned. The oversight is mainly an institutional problem.

"Such a loop would currently involve the Home Office, who are responsible for broadcasting, British Telecom, who may perceive a threat to their telephone traffic, local government which controls way-leaves and the Secretary for Industry and the Home Secretary operating in unison, who would need to authorise such loops.

"There is hope that, given goodwill on all sides, a way can be found through this particular minefield."

Dr Jurgen Muller, of the German Economic Research Institute, questioned whether the "natural monopoly" of telecommunications, strongly adhered to by many European countries, really existed.

There seemed considable doubt whether there was a monopoly in inter-city transmission and international satellite transmission.

"What remains in doubt is the local oop—but even here cellular radio systems and mobile radio put some of that in doubt . . . we also have to see what optical fibres will bring here."

FINANCIAL TIMES
World Tele-communications
CONFERENCE

Dr Muller said he had been surprised that the British had moved quickly in this direction. (Britain is the only European country which is to licence a competing telecommunications network.)

"For the continental Europeans the stage is not yet ready for such experiments. First of all, the concept of a legal monopoly is still very dominant and many of them still believe that telecommunication is indeed a natural monopoly."

The increasing potential of new technology would also end the telecommunication authorities ability to provide all the equipment consumers would want.

"Equipment liberalisation therefore has an important role to play, not only in enhancing consumer and producer freedom but also in showing the telecommunication authorities the direction in which the market is going."

However, Herr Dietrich Elias, of the German Federal Ministry of Posts and Telecommunications, said policy which affected infrastructure had to be guided by social aims. "It must be kept free of irrelevant and biased influence."

The German Bundesband gave the best guarantee of doing this because it aimed to serve the public economic interest.

> "Equipment liberalisation . . . has an important role to play, not only in enhancing consumer and producer freedom but also in showing the telecommunication authority the direction in which the market is going."
> DR JURGEN MULLER

Herr Elias attacked the separation of posts and telecommunications into two separate administrations—as has recently happened in the UK. He believed both the common and interlocking features of production resulting from the linking of the two sides could be used to an even greater effect to improve organisational linkage between them.

There were also difficulties arising from the imbalance between the two sides. The postal side employing two-thirds of the Bundespost staff had only one-third of the revenue of telecommunications profits.

Ms Carolyn Hayman, ser consultant of the systems search division at Urwick Ne said one of the greatest p lems of introducing new o systems into companies getting the enthusiastic sup from top managers.

Only they could take a tegic view of the changes technology could bring, as no longer having a cen ised personnel department.

One of the consequences office automation was to c tinue the trend towards de tralisation. "If you want capitalise on the investn you have to develop the c sion-making to take advan of it."

The international market satellites will be worth £5b present prices in the perio to the year 2000. Accordin Admiral Sir Raymond L chairman and chief executiv British Aerospace's Dyna Group, Europe alone require 10 large satellites then. (Each large satellite be five times stronger than European Communicat Satellites being launched in next few years.)

Four large satellites Europe would be dedicate business communications, forecast. They would be to carry a total of 1,500 si taneous video circuits.

One of the biggest contr tions offered by space woul the ability to video confer between several sites nation and internationally.

Mr Jean Syrota, directo industrial and internati affairs at the French PTT and telecommunications b said the first target was to vide a telephone for every in France. The aim was subscribers by 1985, against now and 4m in 1970.

UK NEWS—PARLIAMENT and POLITICS

Tory right holds back bench committees

By Elinor Goodman, Political Correspondent

CONSERVATIVE left-wingers failed last night in a bid to oust Sir William Clark from the chair of the party's back-bench finance committee.

Sir William, one of the Prime Minister's most valuable allies throughout the last 12 months, survived a challenge from Mr Maurice Macmillan.

At the same time the right held on to the chair of the back-bench industry committee. Mr Hal Miller, an outspoken critic of some aspects of the Government's treatment of industry, failed to unseat Mr Michael Grylls.

The officers of the Tory back-bench committee play an important role in representing the views of back-benchers to Ministers.

The annual elections always provide a barometer of opinion in the party and this year, given the internal arguments, they are being contested even more rigorously than usual.

Target

This year the left regarded the finance committee as its most important target.

Critics of the Government were furious earlier this year when Sir William went to see the Prime Minister to reassure her that the back benchers were totally behind her, and they badly wanted someone who would be prepared to take a more critical line with the Prime Minister.

The only consolation for the left in last night's ballot was that it succeeded in replacing Mr Christopher Patten as one of the finance committee's two vice-chairmen with Mr William Waldegrave, one of the few left-wingers to be promoted in the autumn reshuffle.

So far, the elections have produced no major changes in any of the key jobs. Right wingers, who were determined to use the election to take revenge on Mrs Thatcher's critics, failed last week to unseat Mr Charlie Morrison as a vice-chairman of the 1922 committee of back benchers.

But they did succeed in running him very close, and yesterday were claiming that the results so far had been "very satisfactory."

Thatcher rejects Paisley threats of Ulster chaos

BY IVOR OWEN

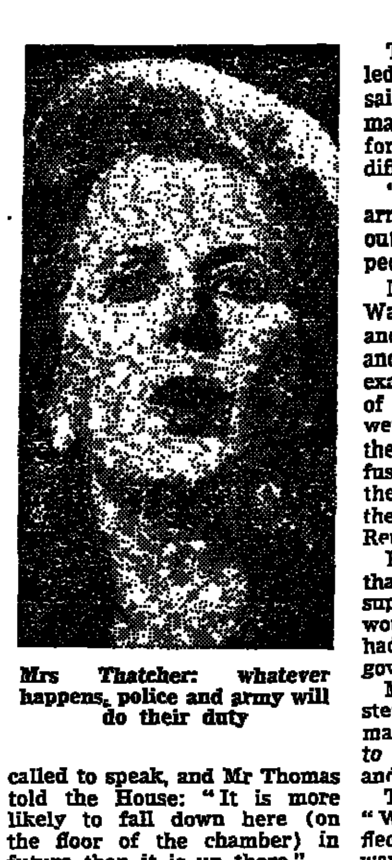
THREATS made by the Rev Ian Paisley, leader of the Democratic Unionist Party, to make Northern Ireland "ungovernable" were condemned by the Prime Minister in the Commons yesterday.

Mrs Thatcher accused him of failing to act in the best interests of the people of Ulster, and warned: "It could put the lives of many innocent people at risk and make the task of the security forces much more difficult."

Mrs Thatcher was given general support when she deplored the unruly scenes of 24 hours earlier when Mr Paisley and his two political colleagues, Mr Peter Robinson (Belfast E) and Mr John McQuade (Belfast N) were ordered out of the chamber and banned from the parliamentary precincts for five days.

The Speaker, Mr George Thomas, also indicated that he intends to use his powers to prevent MPs speaking from seats in the side gallery above the chamber—a commanding position which gave maximum impact to the demonstration staged by Mr Paisley and his colleagues.

MPs have to "catch the Speaker's eye" before they are called to speak, and Mr Thomas told the House: "It is more likely to fall down here (on the floor of the chamber) in future than it is up there."



Mrs Thatcher: whatever happens, police and army will do their duty

The Prime Minister acknowledged that a number of things said in the last two days would make the task of the security forces in Northern Ireland more difficult.

"Whatever happens, both the army and the police will carry out their duty as we would expect them to do," she said.

Mr David Winnick (Lab., Walsall N.), said the outbursts and exhibitionism by Mr Paisley and his colleagues was an example of the kind of attitude of certain Unionist leaders who were determined to do what they could to create total confusion over the steps taken by the British Government and the government of the Irish Republic.

He called for an assurance that neither Mr Paisley and his supporters nor the IRA murders would prevent the steps which had been taken with the Dublin government from developing.

Mr Winnick insisted: "Those steps should be developed to make it easier for agreement to be reached betwen Dublin and London."

The Prime Minister replied: "What happened will not deflect the Government in any way."

Opposition attacks optimism of PM's Guildhall economic speech

BY IVOR OWEN

DURING EXCHANGES with Mr Michael Foot, the Opposition leader, the Prime Minister shied away from his suggestions that her optimistic comments on the economy at the Guildhall on Monday amounted to saying that the recession was ending.

She reminded Mr Foot that what she actually told her audience at the Lord Mayor's banquet was that the "trough of the recession" had been reached.

Mrs Thatcher claimed that most economic commentators held the view that this had occurred in the second quarter.

She vigorously defended Mr Norman Tebbit, the Employment Secretary, who in his first full Question Time session since becoming a member of the Cabinet, also spoke in optimistic tones on the economy.

He emphasised that manufacturing output had begun to recover and that exports were doing well.

"Substantial recent engineering and construction orders, strong retail sales and substantial productivity increases alongside a fall in notified redundancies, a fall in short-time working, a rise in overtime working and a firmer trend in notified vacancies suggest that gains in competitiveness are being exploited," he said.

Mrs Thatcher said Mr Tebbit's answer had been "robust, sensible and realistic."

Mr David Waddington, Under Secretary for Employment, attacked the use of "huge outdoor meetings" to decide on strike action, as happened in the case of the recent BL dispute.

He declared: "The time has certainly come when the TUC should remove its absurd boycott of the scheme for providing Government funds for secret ballots."

Mr Waddington told MPs that in general the code of practice on the formation of picket lines was being observed, but ignored cases where it had not.

Mr John Stokes (Con, Halesowne and Stourbridge) protested about the huge number of pickets outside the BL works during the recent strike.

Such numbers were intimidating, he said, and alarmed many people including employers and people living nearby.

Mr Waddington replied that the criminal law had never protected pickets who used threatening behaviour, acted in a disorderly manner or obstructed the highway to prevent ordinary people exercising their right to get to work.

Shipyards legislation 'planned for this session'

By John Hunt

THE GOVERNMENT hopes to introduce legislation this session to allow private investment in British Shipbuilders, Mr Norman Lamont, Minister of State for Industry, told the Commons last night.

He was anxious to reassure Conservative MPs who were concerned that privatisation proposals were not contained in the Shipbuilding Bill which was having its second reading.

It was noticeable, however, that the Minister took a cautious line, adding that legislation would be brought in "time permitting." He seemed to be suggesting enabling legislation to remove obstacles to private investment in BS rather than a complete hive-off.

Dr Dickson Mabon (Social Democrat, Greenock and Port Glasgow), asked him which option the Government favoured—to sell off individual yards or to introduce equity into British Shipbuilders itself?

Mr Lamont said the Government had not decided yet. If the time was available the Government would like to take powers to remove obstacles to privatisation.

He pointed out that in order to break even without subsidies there would have to be a turnaround of £87m a year at BS.

It was clear, he said, that this could only be achieved by an increase in the price of ships and a large increase in productivity well in excess of that reached before nationalisation.

The Bill which the House was considering raises the BS borrowing limit to £700m, with provision for a further increase to £800m if necessary.

Mr Lamont emphasised that subsidies to the corporation had been reduced. While its performance had improved, total losses since vesting day still amounted to £341m after tax and interest. Most of the £400m advanced to BS had gone towards meeting losses.

"The overall financial record of BS since nationalisation has been disappointing but recent figures demonstrate a large improvement," said the Minister.

Part of this resulted from the better world market for shipping. On the present trend of orders he expected BS to make a further improvement in its financial performance.

Nevertheless, there were still formidable problems ahead and the corporation was a long way from viability. "Although BS's productivity is improving, the overall level is still worrying," he said.

The Minister issued a warning to Japan about the slice of the world market captured by its shipbuilding industry. Japan had increased its share of new orders taken by the countries of the Organisation for Economic Cooperation and Development from 50 per cent two years ago to 60 per cent today.

He hoped Japanese shipbuilders would realise that it was in their interests to exercise restraint. The UK Government would continue to make clear its concern at Japan's excessive share of orders.

From the Labour front bench, Dr John Cunningham was suspicious of the Bill and could not understand why it had been introduced when existing legislation allowed BS to increase its borrowing.

He warned that there would be total opposition if it was discovered that the Government really intended to make further reductions in shipbuilding capacity and create more redundancies.

Usdaw defends training board

THE Unions of Shop, Distributive and Allied Workers' executive council decided to send its general secretary and deputy general secretary to meet Usdaw-sponsored MPs in the Commons today to consider tactics for a campaign to save the industry's training board.

The union said it was "shocked at the abolition of the board.

Thomas 'compromise' plan fai[ls] to end SDP leadership dispute

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE arguing within the SDP over how to elect the party's future leader continued yesterday with Mr Michael Thomas, one of the leading advocates of giving all party members a vote in the election, coming forward with what he claimed was a compromise.

His plan was, however, dismissed as a mere "device" by one of the leading supporters of the plan to restrict the electorate to MPs.

The signs are that the leadership will be unable to resolve its differences on the issue before next February's special conference, and that once again members of the steering committee will be arguing against each other from the platform.

The leadership is split down the middle on the issue with Mr Roy Jenkins — the most likely leader under any system — and Mr Bill Rodgers backing the idea of giving MPs the exclusive right to electt he leader, and Mrs Shirley Williams and Dr David Owen arguing for "one-member one-vote."

Before this year's party conference the steering committee voted by a narrow majority in favour of giving MPs the right of electing the leader — subject to the approval of the party's council.

But it was clear from this autumn's travelling conferences that many members were not happy with this scheme, and that they were determined to have a say in electing the leader.

The issue will ultimately be decided by party members, but some members of the steering committee would prefer the leadership to agree a compromise before the February conference in order to avoid any further public splits.

Consensus

Mr Thomas yesterday proposed an interim solution under which all party members would take part in next year's election for the first leader, and any other elections held within the next three years.

In 1984, however, when the party hopes to have more MPs it would be obliged to test the support for this system by holding another ballot of members.

Mr Thomas, who has consulted both Mrs Williams and Dr Owen said that in his view there was now a "clear [con]sensus in the party" tha[t] 23 SDP MPs did not fo[rm a] satisfactory electoral colle[ge for] the first leadership electi[on].

He also maintained that [there] was a substantial feeling [that] the party should "keep f[aith] with the many members [who] joined it in the expec[tation] that there should be a [one-]member one-vote election.

He said he was prepar[ed to] compromise, and that he [...] the party would agree o[n an] approach which, he cl[aimed] met the special circumstan[ces of] the first election, withou[t pre]cluding a change whe[n the] party has more MPs.

Supporters of the propo[sal to] give MPs the job claime[d] Mr Thomas's idea was [a] device to get his proposal [estab]lished. Once members had [voted] in one election, they [would] hardly want to give up the [right] to do so again, it was arg[ued].

The issue is proving [more] divisive than practicall[y any] other in the SDP, but iron[ically] the outcome of a lead[ership] election next year would [almost] certainly produce the [same] result whatever system [is] used.

Rodgers outlines plans for voluntary incomes policy

BY PETER RIDDELL, POLITICAL EDITOR

THE FORM of a voluntary incomes policy has emerged as a central issue among Social Democratic Party leaders as they begin detailed discussions on an economic programme.

At a meeting last week of the Party's economic policy committee a number of leading economists were commissioned to prepare position papers so that proposals can be discussed with the membership as a whole next year.

Among the economists involved in this debate are the Professors James Meade and Robin Matthews from Cambridge University, Mr Terry Barker from Cambridge, Professor Richard Layard from the London School of Economics and Professor Marcus Miller from Warwick University.

There is general agreement among SDP leaders that their programme for expansion will have to involve some form of voluntary incomes policy in order to offer a plausible restraint on inflation. But there is no unanimity about what form this policy should take.

At the London conference of the SDP last month, Mr Roy Jenkins proposed an inflation tax to hit employers paying excessive pay rises. Other SDP leaders are sceptical about the idea in view of the problems of administration and of the impact on companies with rapid productivity growth.

Consequently, recent speeches in the Commons by SDP leaders have tended to downgrade the inflation tax, implying that it is merely an interesting idea which is worth further study.

Mr Jenkins is, however, in a strong position to press the idea since he is chairman of the Party's policy committee.

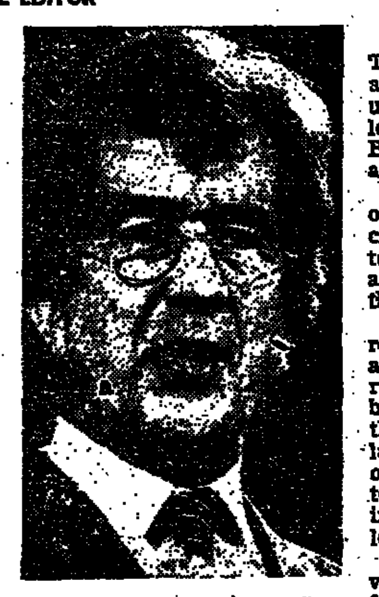
There is broad agreement in the Party about the need to become involved in talks with both sides of industry.

The most detailed proposals have come from Mr William Rodgers. He has argued that any incoming SDP-Liberal Government should make an immediate attempt to agree with representatives of the TUC and the CBI on an economic agenda for the period ahead. He has said that this should replace the National Economic Development Council which he believes has outlived its usefulness.

Democracy

Mr Rodgers has added that this agenda should include an annual joint economic assessment to provide the background both for decisions in the budget and for wage settlements in line with a voluntary incomes policy; a framework for industrial relations; a regime for investment of public money in the private sector; a framework for industrial democracy; and new financial institutions to channel funds to industry, especially to small businesses.

In his proposals to SDP colleagues Mr Rodgers has stressed that there will be no commitments along the lines of a social contract ahead of a general election. On the basis of its manifesto an incoming SDP-Liberal Government would offer a partnership with unions and industry, but would not transfer responsibilities to such a body.



William Rodgers: detailed proposals

Mr Rodgers hopes that, excepting the verdict of the electorate, both unions and management would want to have a share in dealing with economic and industrial difficulties. If they did not agree, the Government would have to go it alone.

SDP leaders agree on the need to avoid advance obligations to the trade unions, although details of Mr Rodgers' ideas have yet to be discussed. At present, however, while the CBI is happy to talk about these ideas, the TUC predictably shows no interest.

Rate increas[e] referendum plan droppe[d]

By Peter Riddell, Political Editor

THE GOVERNMENT [has] abandoned proposals f[or the] use of referendums to [control] local authority rate inc[reases]. But Ministers cannot ag[ree on] an alternative.

The hope in Whitehall [is that] options will have been [defined] clearly enough to be pr[esented] to the Cabinet tom[orrow] although it is not certa[in that] this timetable can be me[t].

After last week's bac[k-bench] revolt the Conservative [whips] advised Ministers th[at the] referendum proposal co[uld not] be carried in the Comm[ons or] the House of Lords ther[e are a] large number of peers [...] on slightly different g[rounds] to any centralised [...] interfering with the ri[ghts of] local councils.

Mr Michael Heselti[ne, En]vironment Secretary, is [pressing] for an early decision [...] wants legislation in p[lace for] the next rate-fixing r[ound in] April. He is known to [be sym]pathetic to proposals r[equiring] fresh elections if counc[ils set] rate rises above levels s[...].

There is opposition [to this] idea because of fears t[hat such] elections would be won [by the] SDP/Liberal alliance.

Some other senior m[inisters] prefer centrally fixed li[mits on] rates, approved by par[liament,] as in Scotland. It is re[cognised] that stricter criteria w[ould be] needed to limit the nu[mber of] cases coming up for a[pproval]. The Government, rath[er than] high spending councils [would] also risk being blan[ed for] supplementary rates.

The other proposal [would] mean that councils inte[nding to] spend above a ceiling [would] have to borrow. Loans w[ould be] repaid at the beginning [of the] next financial year.

Benn backing for Foot in Crosby by-election speech

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

MR TONY BENN yesterday supported Mr Michael Foot, the Labour leader, less than a week after Mr Foot had implied Mr Benn was not really committed to working for the election of another Labour Government.

Mr Benn said in Crosby that Britain needed Mr Foot as Prime Minister of a Labour Government, if the nation's real problems were to be tackled.

Speaking in support of Labour's left-wing candidate, Mr John Backhouse, Mr Benn lashed into the Social Democrats. Without mentioning Mrs Shirley Williams, the SDP candidate, by name, he said there were two Conservative candidates taking part in the poll and that the SDP supported the Tories on all key issues.

The SDP, he said, was a political fraud, posing as a party of the centre when it was really a party of the hard right.

In his prepared text Mr Benn avoided Labour's internal arguments. He said a vote for Labour at Crosby would be a vote for jobs, expanded educational and health services, non-nuclear defence and withdrawal from Europe.

cas chairman warns of conflict

ORNE BARLING

T LOWRY, chairman of visory Conciliation and tion Service (Acas), ay warned that Britain oon face a re-run of the industrial troubles ex- ed in the early 1970s.

said Government moves nd the law into indus- lations were increasing ger of a new period of tation, since it was in- that trade unions be opposed to it.

king at an Acas confer- Birmingham, Mr Lowry he industrial relations was now changing and both management and unions now needed to adapt in order to avoid conflict.

The way forward, he said, was for unions to improve communications with their membership so that they were not left behind by the changing, closer *relationship developing between* managements and their workforces.

"Many companies hope that out of improved communications and genuine consultation, employees will experience greater job satisfaction and feel more committed to the success of the enterprise for which they work.

"Unless unions acknowledge *the impact of these* developments and ensure their own communications are adequate, their officials may fail to reflect the true feelings of the membership," he said.

Mr Lowry, a former BL per*sonnel director, was addressing* a conference of 150 West Midlands industrialists and trade unionists, and stressed that both sides now faced a challenge to avoid conflict.

"I don't think things are ever going to be the same again. To wait for the pendulum to swing back would be to wait for ever," Mr Lowry *warned the unions.*

Irish ferry strikers call for national stoppage

By Ivo Dawnay, Labour Staff

A HALT to all ferry services and coastal shipping was threatened yesterday as support grew for strikers occupying two P & O ferries following the closure of the company's Liverpool to Belfast service last week.

An emergency meeting of strikers and national ferry port leaders in Liverpool called on the National Union of Seamen's executive council to instruct members on all P & O ships—including those of subsidiaries and related groups—*to refuse to sail from their* next port of call.

The meeting warned that if the NUS failed to issue the order by noon on Friday an immediate stoppage of all ferries and coastal ships would be called.

The occupation of the 4,270-ton Ulster Queen and her sister ship the Ulster Prince began 10 days ago in protest against the closure of the 150-year-old Liverpool-Belfast service.

Mr Jim Slater, NUS general secretary, has warned that protest action over the closure of the service will escalate if no steps towards a solution are taken.

AUEW results favour moderates

BY PHILIP BASSETT, LABOUR STAFF

MODERATES SEEM set to retain control of Britain's second-largest union, the Amal*gamated Union of Engineering* Workers, following the announcement of key election results yesterday for five of the union's senior posts, including the general secretaryship.

At best, the Left in the union only maintained its position. The result saw a spectacular defeat for Mr Derek Robinson, the former BL Longbridge con*venor, in a contest for a local* post with Mr Denis Duffy, brother of AUEW president Mr Terry Duffy. Mr Robinson said *the result was a* "fraud."

The most significant result, though as yet inconclusive, was the ballot for the general secretaryship, which is falling vacant due to the pending retirement under rule of Sir John Boyd.

In a 22.6 per cent poll, Mr Ken Brett, an assistant general secretary, and the most senior elected Communist Party member in the AUEW, topped the poll with 55,143 votes. There was a division in the Right's vote, though, between Mr Gavin Laird, Scottish executive member, with 54,708 votes, and Mr Gerry Russell, North-west executive member, with 21,805

Mr Laird was the favourite, but in the second ballot which will now take place in March between him and Mr Brett, many—though by no means all, since Mr Russell's total included a sizeable personal vote—of Mr Russell's votes could be expected to go to Mr Laird. It is thought, though, that despite Mr Brett's topping the poll *this time, Mr Laird will win* through on the second ballot.

Four executive council seats —all presently held by moderates—were up for election. Mr George Arnold beat off a challenge from Mr Jim Murray for the North East seat by 12,939 votes to 4,895 (25.8 per cent poll), following the retirement of Mr Harold Robson. In *the London and South East divi*sion, Mr Jack Whyman defeated a strong left challenge from Mr Roger Butler by 13,581 to 6,706 (22.7 per cent poll) in what with the vote against Mr Robinson was a serious defeat

Mr Ken Cure seems set to retain the Midlands seat, after securing 16,052 votes to his nearest rival's 12,264 (25.6 per cent poll).

Mr John Weakley, executive member for Wales and the South West, looks in a considerably more vulnerable position, though. He polled 10,928 votes (21.9 per cent poll), and the two nearest candidates—both left-wingers—polled together 10,183 votes—enough with another 5,518 votes cast for other candidates to pose a serious *threat to Mr Weakley's posi*tion.

The bulk of the results in a ballot involving 237 candidates, with 3,633,682 ballot papers sent out and 839,452 returned, showed no overall trend, with both sides holding their positions and no gains made.

Communist Party tensions show

CHRISTIAN TYLER, LABOUR EDITOR

DEREK ROBINSON, the hop stewards' convenor *by the company*, and defeated in his bid to a Midlands divisional ser for the Amalgamated *of Engineering Workers*, en elected to the executive committee of the Com- Party.

is one of eight new ers of the party's govern- dy announced yesterday end of its 37th national ss in London.

conference exposed tensions that have deve- as a result of falling ership, which was about 18,500 at the last count, and declining circulation of the *newspaper putting the party* policy, the Morning Star.

The line adopted by the British party in recent years is being challenged

On the one hand are the old Stalinists who dislike the way the party has distanced itself from Moscow. On the other are the so-called Eurocommunists, who in the eyes of some veteran *party members* are seen as down-playing the party's traditional commitment to industrial militancy, and who are outspokenly critical of the Soviet Union.

Probably the most important debate of the four-day congress *was on Afghanistan.*

A challenge from the pro-Soviet faction to the executive decision to speak out against *Russian* intervention there was defeated by the relatively narrow margin of 157 votes to 115

The other controversial issue was how urgently the Communists should seeff affiliation to the Labour Party.

An *amendment to the* executive's main political resolution seeking to put affiliation to the Labour Party much higher on *the list* of priorities was defeated by about three to one.

Biggest civil service union plans pay claim

BY OUR LABOUR STAFF

LEADERS of Britain's largest civil service union will today consider formulating a pay claim—which under the lowest option to be examined would be for increases of 12 per cent —and which will be influential in shaping the overall claim for all 540,000 white-collar civil servants.

The civil service executive committee of the Civil and Public Services will today examine a document on pay presented to committee members yesterday which sets out the op*tions for this year's pay claim.*

The union's overall position is to seek a flat-rate claim to maintain living standards, but the document puts forward a range of proposals on the level of a pay target to be fixed upon.

The range includes increases of £12, which on the lowest-grade rate represented by the union would mean an increase of 18.7 per cent: £12, or 12 per cent; £14, which would mean rises on the same rate of almost 22 per cent; and £15, which *would imply rises of almost 23½* per cent. Corresponding rises further up the pay scales would be less because of the flat-rate system.

However, Mr Ken Thomas, CPSA general secretary, will urge the adoption of a "broadly" flat rate claim, based on increases of £12 a week for all adult CPSA members. The union *should campaign with* other public service unions, and should ask other Council of Civil Service Union members to *consider similar or related* claims to present a common front.

● Comparability with outside work provides "the only practical basis on which to base civil service pay," according to Lord Shepherd, former Civil Service Minister and former chairman of the Service's Pay Research Unit Board, in evidence to the *Government's inquiry* on civil service pay.

ngineering workers' deal ecision at end of month

OUR LABOUR STAFF

PTANCE of the Engineer- Employers' Federation's " pay offer of 5.06 per ests on a recalled meeting end of this month of the ong national committee of *Amalgamated Union of* eering Workers.

AUEW executive yester- ecided to defer until next whether to put a recom- ation on the offer to the al committee, though Mr Duffy, AUEW president, some indication yesterday it might decide to recom- acceptance.

national committee, which ow right-dominated, will consider the right-domi- executive's action over Laurence Scott dispute, where the company used outside workers brought in by helicopter

The executive withdrew its support for the action after concluding what it saw was a *settlement, but the Manchester* district committee is appealing against the executive's decision.

Mr Duffy was also sharply critical of Ford for refusingt o concede shorter hours in the current round of pay talks which are due to resume on Monday, with a strike threat looming. He said Ford, the most profitable of all the major motor companies, *should follow* the lead of BL and Vauxhall. He also declared the AUEW's continued support for the present BL tea-break strike.

ocal authorities' 5% plan

JOHN LLOYD, LABOUR CORRESPONDENT

AL AUTHORITY em- ers hope to settle for pay ases of around 5 per cent. with representatives of ountry's 1m local authority al workers resume on nber 10.

employers traditionally into account the level of ettlement to engineering ers. The engineering em- rs' offer now stands at just 5 per cent. It is to be put e membership without a amendation.

is also thought the local rities will wish to keep final figure close to the Government's public sector pay guideline of 4 per cent. Last year, *the settlement* of 7.5 per cent was 1.5 per cent above the Government's 6 per cent target, and it is expected that the final offer will reflect a similar margin of increase this year.

● TUC leaders yesterday warned Mr Michael Heseltine, Environment Secretary, that unions would resist the Government's 4 per cent pay target.

The TUC *delegation*, led by Mr Alan Fisher, the TUC's chairman, told Mr Heseltine it was also opposed to the forthcoming Local Government Bill,

TECHNOLOGY

EDITED BY ALAN CANE

Dutch diesel engine unveiled

BY MAX COMMANDER

SWD Zwolle, where the SW280 is being manufactured, is a division of Stork-Werkspoor Diesel. It originated in 1947 as a subsidiary of Koninklijke Machinefabrieken Gebr., Stork N.V. in Hengelo. In 1954, Stork merged with Werkspoor NV into Verenigde Machinefabrieken NV. The diesel division of VMF—Stork became independent in 1978 and has since operated under the title Stork-Werkspoor Diesel.

STORK-WERKSPOOR DIESEL, the Dutch manufacturer of diesel engines, based in Amsterdam and Zwolle, has "filled the gap" in its range with its four-stroke SW280.

In spite of the recession and the state of the world shipbuilding industry, Stork decided to go ahead with this engine designed to operate on heavy residual fuel.

The SW280 has a rated output per cylinder of 400 hp at 1,000 rpm. The engine is available in line with six, eight or nine cylinders and in V configuration of 12 cylinders.

Because of the decision to concentrate on heavy residual fuels, a high compression ratio of 1:13 was adopted. Combustion pressure is at 140 bar at initial output.

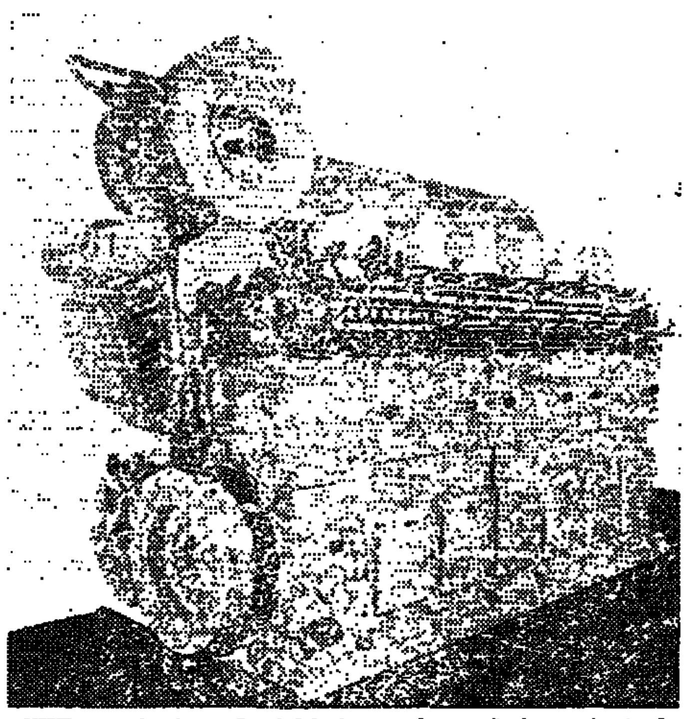
The engine frame is of single block construction and by incorporation of the scavenging air receiver in the block casting, extra rigidity has been added to the engine, the company claims.

The design allows a turbocharger and aircooler to be installed at various positions while the engine is also available in a reversible version.

An underslung crankshaft, supported by heavy bearing caps connected to the frame with two fastening bolts results in considerable torsional stiffness of the skirt.

Stork says that it has spent a lot of time to make maintenance easier on the new engine. The cylinder head has only four studs. The use of pipes within has been greatly reduced and maximum use has been made of cast-in supply lines and drilled holes to provide operational safety.

The SW 280, designed mainly for marine applications, but available for oil rigs and general industrial applications, has a cylinder bore of 280mm and piston stroke of 300mm.



THE SW 280 from Stork-Werkspoor has a design output of 1,770kW (2,400 bhp MCR) at 1,000 rpm. Stork-Werkspoor is at PO Box 4196 1009 AD Amsterdam (020 520 3911) or Zwolle (05200 71717).

Toxic monitor

DESCRIBED AS the first commercially available instrument for monitoring water toxicity in coloured aqueous samples, the Microtex Model 2055 analyser is also said to be the first such instrument to utilise luminescent bacteria to determine toxicity.

Microtex is a development from Beckman Instruments of Fullerton, California. The company says that the principle is based on measuring the influence of toxic materials on the light output of a special strain of luminescent bacteria. A photometer is able to measure the disruption of the light output caused by the presence of toxic materials within the bacteria.

Beckman has a UK organisation, at 6, Stapledon Road, Orton Southgate, Peterborough, Peterborough 733 237055.

Electrostatic gun

AN air-powered spray gun suitable for electrostatic powder spraying or paint has been designed by Berridge Engineering, Beeston, Notts. (0602 258291). The standard model has a maximum stroke of 1625mm but a 2,000mm model is available. Speed is adjustable between 0.15m/sec to 0.9m/sec.

Personal alarm

PROTECTION FOR people handling cash or working alone in hazardous environments is offered by the Welwyn Tool Company's personal alarm siren, the Type 137. The battery powered unit emits a warble at 101dBA at one metre and is available with either switch or pull cord. More from Welwyn Garden (96) 29121.

Heating boilers

THE VC range of Vaillant gas-fired central heating boilers, already well established on the Continent, are now available in the UK from Vaillant, Aerodrome Way, Heston Industrial Estate, Hounslow (01-897 6037). Four models for wall fitting are included with outputs from 32,000 to 93,900 Btu/hr.

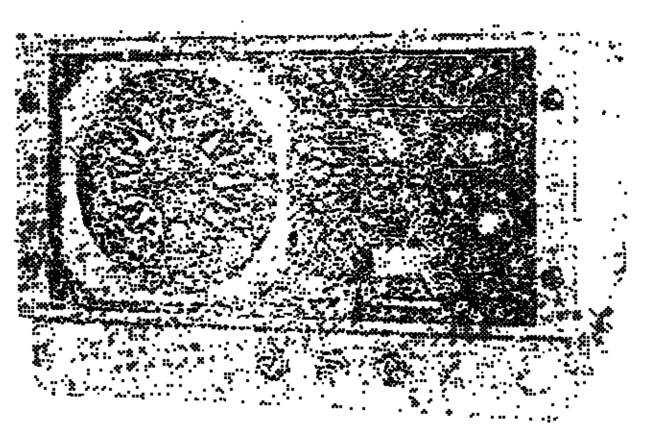
Mini microscope

AVAILABLE from AMT Marketing (Guildford 60314) is a lightweight pocket microscope, which, the company says, is ideal for inspection of small assemblies. It costs £16.99 plus £2.80 for the microstand.

Straightener

HEMO, A bar and tube straightener can deal with solid mild steel squares or rounds up to 50 mm and 2 in nominal gas pipe. The straightener weighs 12kg with the operator able to exert five tonnes applied by a hardened eccentric pressure roller. The body of the unit consists of a hollow alloy steel casting.

It can be bench mounted horizontally or vertically and, fitted as standard, is a saddle to fit over the pressure roller for tube work. More from Artapp Machines 05433 3385.



THIS doppler log/current indicator from Furuno uses a triple transduced array with a frequency of 130KhZ. Ship speed ground tracking can be from 15 to 300m and water tracking to depths greater than 300m. More from 04592 3971, or 0224 55351.

Cutting the cost of sticking

ONE OF the unconsidered trifles of packing things so they reach the customer in prime condition is glue. One manufacturer spends £140,000 a year. So anything that can halve this sort of cost, or better, is a definite plus.

Metal Box Paper group has done better than this by reducing the possible cost to one-eighth with a new cold glue spray system claimed to give it a technical world leadership. Those lucky enough to have MB cartonning equipment can have their machines adapted.

Ordinarily when closing board cases with cold adhesives the packing line is slowed by having to wait three or four seconds while the glue sets under compression.

The MB system employs cold PVA adhesives, to which hot air is immediately applied, drying out the glue and enabling the line to be speeded up.

Some industries, such as frozen food need the added protection of single or double polythene coated board for which a hot melt adhesive is usually used, as it is with slightly coated grease-resistant cartons but which have no polythene.

Up to now two machines have been needed to deal with the cold and hot adhesive methods. The new MB Diobond system is equally applicable to either.

The secret of the process is to feed the cold water-based adhesive under pressure to the spray unit where a secondary air supply creates a swirl effect round the needle at the nozzle.

As sensors detect a carton the needle lifts to dispense a measured amount of glue which is atomised by the swirling air and applied to the carton. The air also has the added advantage of cleaning the nozzle so that repeated accuracy of application is ensured.

The use of in-line hot air sections to vaporise water from the adhesive eliminated longish compression waits which until now have prevented high-speed cold glueing.

A customer for a complete new system can expect to pay £35,000-£40,000, but adaptations are, of course, considerably cheaper.

More from Metal Box Paper Group, Unit 3, Cheney Manor Trading Estate, Swindon, Wilts (0793-29266).

PETER CARTWRIGHT

French farmers move to viewdata

FRANCE IS establishing a five-year programme to provide viewdata (videotex) for its farming community using the Teletel technology.

This application of Teletel is independent of the ongoing residential trail involving 2,500 homes and also of the electronic telephone directory project in which 270,000 terminals are being distributed to replace paper directories.

There will be various databases, but already some 60 farms in the Loire Atlantique and Aveyron regions have been connected to an initial experiment called Telagri, in which management and technical information are provided together with teleshopping for agricultural products.

All of France's professional agricultural organisations will ultimately be contributing information to the total database. Various data stores already available will be tailored to allow Teletel access (in certain areas of the country initially) and eventually they will be integrated into the national Teletel network.

Other parts of the database will provide technical assistance concerning crops and livestock (Technitel), weather, legal and marketing advice (Agrinfo) and specialist data for the large numbers of farm co-operatives in France (Telecoop).

A number of agricultural institutions will take part together with Credit Agricole, the French national bank for the farming community.

At the moment, France is the "odd man out" in terms of videotex technical standards. It developed its system independently while most other European countries adopted standards compatible with Britain's Prestel service.

Recently, however, the CEPT (European Conference of Posts and Telecoms Administrations) specified a terminal model that will be able to receive Prestel and Teletel. It might be more expensive due to the additional memory required, but it has the added advantage of more flexible colour graphics.

World standards for videotex are still some way off, particularly since the U.S. and Japan are moving towards such concepts as geometric and picture coding for high definition graphics. For 1983, Britain plans Prestel 2, embracing many of these new developments.

GEOFFREY CHARLISH

Gas detectors announced by two companies

TWO COMPANIES, one Swiss, one British, have announced new models in the gas detection field.

From Varian (Steinhauserstrasse, 6300 Zug, Switzerland 042 23 25 75) comes the Spy 2000, a hand-held probe designed to detect helium leaks in heat exchangers or nuclear reactors.

Varian claims that the unit is so sensitive that a helium concentration of only one part per million is sufficient to trigger a visual and optional audible signal within one second of detection.

Weighing 31kg and measuring 21 x 35 x 54cm, the Spy is able to make tightness checks in confined spaces or where access is difficult.

The British instrument, known as the Gazalarm FL10, is a hand-held flammable gas detector from Dawe Instruments (Concord Road, Western Avenue, London W3. 01-992 6751.)

It has a 20-point scale calibrated in percentage concentrations reacting to Lower Explosive Limit (LEL).

Two ranges are available, either to read the percentage of LEL of two different gases, or to give 50 per cent and 100 per cent ranges of a single gas.

In clear air a short audible "bip" is produced every 40 seconds to indicate that the instrument is functioning. Separate tones indicate the concentration passing the 30 per cent and 70 per cent thresholds.

The sensor system, says Dawe, can detect a wide range of flammable gases and vapours and has been issued with a certificate of conformity with the latest CENELEC European standards.

Freezing out the housewife

MY WIFE is not going to b
happy about this story. Sh
is very much a deep-freez
person.

She buys lots of soft scoo
ice-cream, bundles it into a
already overcrowded dee
freeze and, when two daug
ters have scoffed the ic
washes out the plastic boxe
soaks off the labels, and r
uses and labels them
freeze raspberries, Frenc
green beans, etc.

Now, Peerless Plasti
Packaging of Tamwort
Staffs., proposes to put
stop to her activities. Th
company has developed
process whereby the labe
can be moulded as part
the production process.

The process eliminates w
adhesion; no longer can the
paperl abelsc rease or d
appear. More hygienic, sa
the company, because d
cannot get into the creas
and fully labelled lids can
produced at rates up to 25 p
cent faster.

Peerless claims that
inserting a pair of sciss
under one corner of its la
there should be no proble
I tried it and my secreta
is still looking for the o
first-aid box.

Probably fine for the ma
facturer, but I have
doubts about my wife. Pe
less is at Mariner Coton Fa
Tamworth (0827 50505).

MAX COMMAN

Safety for floppy disks

A FIRESAFE designed
floppy disks has been launc
by Shannon Datastor. It
withstand temperatures u
926 deg C for an hour wit
the interior temperature r
above the critical level
magnetic media of 52 de
Some 150 computer or w
processor disks can be sto
More from 01-650 4818.

GARDENS TODAY

November's cast-off treasure

BY ROBIN LANE FOX

NOVEMBER is the season rooting round in the garclearing off the first load ying top growth and disng the awful truth about s and slugs.

nong the cutting down, is also the business of ting. Many of the best s have recently set or ped their seeds and their can still be recovered in ext week or so.

an easily picture a garden h has been stocked entirely self-raised seedlings. The e appeals to cunning, know- and miserliness. That is hard to resist, so I will you through some of the which I found last week- in order to illustrate ways eating them.

en within families, there few general rules. Experis with alpines soon taught hat some few varieties of ans or campanulas prefer frozen all winter, yet most eir cousins are happy to be in a warm spring.

e common factors are r, light and heat, though do not take you very far. r is the most promising, most seeds will not gerte unless they can take up through their skins. cunning comes into play. rhaps, like me, you would to grow the climbing rus, or Everlasting Pea. Its colours, white and rosy le, are no longer easy to n a list, so you are advised pply to a seedsman for ts of this perennial form r lovely sweet pea hybrids. e seeds, however, come in different styles. And only I failed utterly with seeds neighbour's old plant did I work out their secret.

Some of the seeds wear soft coats and will take up water quite simply. Others are sealed in rock-hard tunics which take several seasons to split.

Experts tell you to chip or file this coating, but I cannot contrive this without scarring the soft centre. Instead, I recommend soaking the seeds in hot water.

Pour a boiling cupful over them and leave them to cool down; otherwise, drop the seeds for a day into a Thermos of hot bath water. The coats then soften and most of the seeds of the climbing pea will germinate quickly.

If you buy a packet, check how many of the hard type it contains, before you bother to sow. This climber is worth the effort.

Some people feel that beetroot, too, is worth their trouble and although I dislike it, beetroot seed is also best soaked in hot water in order to soften it before sowing. So, too, is the seed of certain shrubs.

Lovers of the broom family do not always realise how they can bypass the garden centres by raising their own seedlings in quantity. The seed, again, responds to soaking and sprouts very freely when softened. The *Strawberry Tree's* seeds which I praised last week should also be warmed for a while in order to ease them along. Here, the seed is best left for two or three days in a Thermos of warm water. Afterwards, it comes up apace.

This soaking has nothing to do with the old wives' tale about parsley. Cooks may be running out of last spring's crop, but there is no point in trying to sow another line as yet to replace it. Ah, say the folklorists, but if you pour kettles of boiling water down the seed drill before sowing, parsley comes up like cress.

The facts here are that parsley seed only germinates freely when the soil temperature is up to the level of a warm spell in late spring. The seed is *not* so hard that it has to be soaked and if you bother to soak it, you would make a better job of it by soaking it in a Thermos than by throwing kettles of hot water into the seedbed.

At the opposite extreme stand the seeds which prefer to be chilled. Sometimes these are seeds which expect in the wild to be swallowed by animals and passed through their digestion. On the way to the far end their coats are chipped and battered so that they can take up water and sprout new growth.

I know of no gardener who has swallowed the autumn seeds on his cotoneasters in order to chip them in his intestines and catch them ripe for the sowing, on the way out. Instead, most amateurs try bags of damp sand and a home in the fridge.

My Christmas advice, then, to gardeners is to fill up their fridges with bags of seeds. The logic is quite obvious. Many plants expect to drop their seed where it will freeze throughout the winter, so they have adjusted to this delay and to the chilling in their so called memory.

November, then, is a sensible moment to deal with them, because the chilling can be simulated in a household fridge. Next spring, you can sow the bags in a warm spell and expect good results.

Mix the seeds first with damp silver sand and seal them up in polythene bags. Store them in the fridge until March 1982 or, exceptionally 1983, and you will soon be growing shrubs and trees of your own.

Good seeds for chilling would include the fine seed off all the good saxifrages, most gentians, aquilegias, soldanella montana and the scarlet lobelia for best results and the lovely snowdrop tree or halesia for acid soils.

I could never have too many garden thalictrums or the curious burning bush plant called dictamnus. Again, these will sprout from seed if you *store them now in the fridge* for a winter chilling. Those which expect to be digested will be broken down at the same time and will emerge ready for spring germination.

You might, indeed, like to try this with a rare and challenging present for your friends. Thompson and Morgan of Ipswich will no doubt be listing the big nut seeds of the davidia, or Pocket Handkerchief Tree, a self-explanatory beauty, whose white flowers hang like hankies after seven years or so in damp, acid soil.

This tree is just the sort for a spell in sand and in the fridge. Its big seeds, hard as almonds, could go into bags with wet sand and be passed on as Christmas presents, from fridge to fridge.

Sown in March, they ought to germinate, leaving you well on the way to home-grown stock of the oddest and loveliest white-flowered small tree in the book.

FT COMMERCIAL LAW REPORTS

'Inherent vice' in cargo claims

SOYA GMBH MAINZ KOMMANDITGESELLSCHAFT v WHITE

Court of Appeal (Lord Justice Waller, Lord Justice Donaldson and Lord Justice O'Connor): November 12 1981

WHERE AN underwriter seeks to establish the defence of "inherent vice" to an insurance claim for deterioration of cargo, he must show that the loss arose out of the natural behaviour of the cargo and that the policy, when properly construed, did not include cover for such risk.

The Court of Appeal so held when dismissing an appeal by Simon Arnold Haydon White, a representative Lloyd's underwriter, against a decision of Mr Justice Lloyd in the Commercial Court, that he was liable to the assured, Soya GmbH Mainz Kommanditgesellschaft, a German company, for loss on cargoes of soya beans.

* * *

LORD JUSTICE WALLER said that the appeal arose out of the loss on two part cargoes of soya beans from Indonesia to Antwerp on board the Welsh City and the Corfu Island. The beans, which arrived in a heated and deteriorated condition, were insured under a policy which stated: "This insurance *is* to cover the risks of heat, sweat, spontaneous combustion only."

The underwriter rejected the assured's claim under the policy and submitted, *inter alia*, that the damage was inevitable in that it was due to the inherent vice of the beans, and that inherent vice was not covered by the policy.

Did the policy cover inherent vice? The words, "heat, sweat or spontaneous combustion," all described stages in a process which ended in fire. Spontaneous combustion took place when fire started through conditions produced within the substance itself. *The actual fire would* have been preceded by heat from conditions produced within the substance, and might be preceded by sweat. Each part of the process was produced by the inherent vice of the materials themselves. Spontaneous combustion was the most obvious example of inherent vice.

The next question was whether the loss was a certainty. The policy would not cover a certainty, but only a risk. The evidence was that if the moisture content when the beans were shipped was 12 per cent or less, there was no risk of heating. If the moisture content was 14 per cent or more, the beans would heat. Between 12 per cent and 14 per cent, the beans would sometimes heat. In other words, with a moisture content of between 12 and 14 per cent there was a risk of heating, but not a certainty. The moisture content of the beans in the present case was in the grey area between 12 and 14 per cent, and accordingly there was a risk that they would heat.

The words of the policy were clear. It was an insurance against risks which were inherent in the cargo, in other words, inherent vice. Damage was due to heating caused by conditions within the soyabeans themselves and some other unknown circumstances. That was a peril against which the buyers had specifically covered themselves in the policy, and it was a risk which the underwriter accepted. The appeal should be *dismissed.*

*

LORD JUSTICE DONALDSON, agreeing, said that under the terms of section 55 of the Marine Insurance Act, 1906, an assured was not liable for any loss proximately caused by inherent vice, unless the policy provided otherwise. The statute made it *clear that loss or damage by inherent vice* could be insured only if appropriate words were used in the policy. Examples of appropriate words, to be found in the authorities, included insurance "against all *risks* of whatsoever kind . . . including inherent vice," "against all risks of *whatsoever nature* from whatsoever cause arising," and "including risk of leakage from any cause whatsoever."

The question as to what was "inherent vice" did not seem to have been considered in isolation by the courts. They usually concentrated on the main issue, namely whether on the facts *found and on the construction* of the contract, the underwriter was liable. However, there was an important decision in E. D. *Sassoon and Company Limited v Yorkshire Insurance Company (1923) 14 Ll L Rep 134 and 167, (1923) 16 Ll L Rep 129.* In that case cigarettes in metal containers were insured against risks which included "damage by mould or mildew." On arrival at their destination they were found to suffer from mould and mildew.

There was evidence that cigarettes with the same moisture content normally suffered no damage, and Mr Justice Roche concluded that the probable cause of the damage was water or moisture precipitated from the air upon the tins. He said at page 173, ". . . it is upon the defendants . . . to satisfy me that occurrence of the mould and mildew was due to the inherent nature of the goods and something in the goods, and to that alone or that proximately." In the same case in the Court of Appeal, at page 132, Lord Justice Scrutton, quoting from Lord Sumner in *British and Foreign Marine Insurance Company Limited v Gaunt [1921] 2 AC 41, 57*, indicated that in his view inherent vice was "the natural behaviour of that subject-matter, being what it is, in the circumstances under which it is carried."

His Lordship would adapt that "definition" so that it read: "A loss by inherent vice is one which is proximately caused by the natural behaviour of the subject matter insured, being what it is, in the circumstances in which it was *expected* to be carried." That was in line with the common understanding of the exception of inherent vice in a contract of affreightment.

Inherent vice was not customarily insured, and whether it was a defence in particular *circumstances depended on* the construction of those words in the policy which defined the perils insured against. If an underwriter chose to describe the risk insured against by using such words as "heat," that might mean the risk that the goods were exposed to an external source of heat, or it might mean *the risk that* their temperature increased for whatever reason. It was a problem of construction whether heating proximately caused by the inherent nature of the goods was covered.

If those views were applied to the facts of the present case, the policy sued on was an insurance which clearly *covered* a classic form of inherent vice, namely spontaneous combustion. Both parties *must* be taken to have regarded that as a risk. Whether or not soya beans could ever in fact reach a condition of spontaneous combustion, "heat" and "sweat" were but stages on the way to spontaneous combustion, and could be construed to include heat and sweat caused by inherent vice, provided always that the heat and sweat were risks and not known certainties. Certainty of loss was a different concept and a different defence.

His Lordship disagreed with Mr Justice Lloyd's conclusion that the loss caused by the con*ditions under which the soya* beans were carried did not constitute a loss proximately caused by inherent vice. A loss was proximately caused by inherent vice if the natural behaviour of the goods was such that they suffered a loss in the circumstances in which they were expected to be carried. Subject to that qualification, which was immaterial to the result of the appeal, there was no possible ground for disagreeing with the judgment of Mr Justice Lloyd.

Lord Justice O'Connor agreed.

Appeal dismissed.

For the assured: Kenneth Rokison QC and Stephen Tomlinson (Ince and Co).

For the underwriter: John Hobhouse QC and Bernard Rix QC (Clyde and Co).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

CORBIERE did the trick for Jenny Pitman in last year's November Hurdle at Kempton and the Lambourn handler must be more than a little hopeful that Burrough Hill Lad can follow up for her in today's renewal of the three-mile handicap.

However, anyone contemplating a bet on the highly promising Burrough Hill Lad should tread warily with an eye on the lined up with two runs under his belt, Burrough Hill Lad attempts the task without a previous outing.

A twice-raced hurdler last season when trained near Doncaster by Harry Wharton, Burrough Hill Lad was completing a double 13 months ago when brushing aside Raise A Bounty in a three miles one-furlong handicap at Cheltenham. That performance stamped him as a more than useful staying handicapper in the making, but, *sadly, that* was the last racegoers were to see of him for the campaign. Burrough Hill Lad will, however, pick up good races so long as he remains sound.

In the belief that Jenny Pitman, renowned for her patience and expert handling of National Hunt performers with question marks against them, has Burrough Hill Lad ready to do himself full justice, I take the five-year-old to extend his sequence.

He can win from Malza's three-length Plumpton conqueror, Manton Castle, a Gifford hurdler penalised 7 lbs for his success on the Sussex track which saw the 2½ mile course record being clipped by a tenth of a second.

An hour before Jenny Pitman's double bid it will be interesting to see how Richard Linley fares on the Prince of Wales's Good Prospect in the Wimbledon Chase. Good Prospect, to be sold when the first realistic bid comes in, is not without a chance in Linley's experienced hands; but it is difficult to see him conceding 21 lbs to Colonial Lad.

KEMPTON
12.45—Queen's Music
1.15—Golden Elder
1.45—Colonial Lad**
2.45—Burrough Hill Lad*

WORCESTER
12.30—No Pardon
1.00—Irish Whiskey***

TELEVISION

Chris Dunkley: Tonight's Choice

If, finding soccer dreary beyond belief, you don't want to watch **England v Hungary** on BBC-1 and ITV's mediocre offerings fail to appeal, you will do best to turn to Radio 4 which currently offers the strongest Wednesday evening line-up anywhere in British broadcasting.

Checkpoint at 7.20 is interesting even when interpid reporter Roger Cook isn't getting beaten up on the consumer's behalf. He is followed by Professor Laurence Martin with the second **Reith Lecture** on armed force in the modern world. Then at 8.15 comes a repeat of **How Dare You Speak To Me Like That** on a subject dear to so many hearts: standards of broadcast English. **Analysis** at 8.45 looks at the worsening political position in West Germany, and is followed by **Kaleidoscope** at 9.30 with a review of "All's Well That Ends Well" from Stratford.

After half an hour of news in **The World Tonight** at 10.0 comes the penultimate episode of Dorothy Sayers' "Have His Carcase" (billed as **Lord Peter Wimsey**) then **A Book At Bedtime**, currently "The Magic Glass," with **The Financial World Tonight** at 11.15. What more could any FT reader ask? Only **Today In Parliament** to send you fast asleep at 11.30.

BBC 1

5 am For Schools, Colleges. You And Me. 10.15 For ols, Colleges. 12.30 pm News Noon. 12.57 Regional for England (except on). London and SE only: icial Report; News Head- with subtitles. 1.00 Pebble At One. 1.45 Fingerbobs. .00 For Schools, Colleges. Songs of Praise from rindod Wells. 3.53 Regional for England (except Lon- 3.55 Play School. 4.20 rcover Elephant. 4.25 mory. 4.40 The Record kers. 5.05 John Craven's round. 5.10 God's Wonder- railway.

0 News.

0 Nationwide, including live coverage from London's Regent Street as The Princess of Wales switches on the Christmas Lights.

0 I'll Fly You For A Quid, by Dick Clement and Ian La Frenais.

0 World Cup Football: England v Hungary from Wembley, including News Headlines at half-time.

5 Party Political Broadcast by the Liberal Party.

0 News.

5 Love Story: "Wilfred and Eileen."

5 Parkinson:

3 News Headlines.

5 Amateur Boxing

BBC 2

10.20 am Gharbhar.
11.00 Play School.
3.55 pm One Man and his Dog.
4.35 Christopher Hogwood Plays C. P. E. Bach.
4.40 Vikings!
5.10 The Great Liners.
5.40 The Five Faces of Doctor Who.
6.05 Grange Hill.
6.30 Life on Earth.
7.25 News Summary.
7.30 Collecting Now.
8.00 Out of Court.
8.40 Strangeways.
9.20 M*A*S*H.
9.45 The Borgias.
10.40 Party Political Broadcast by the Liberal Party.
10.45-11.35 Newsnight.

LONDON

9.30 am Schools Programmes. 12.00 The Munch Bunch. 12.10 pm Rainbow. 12.30 Turning Point. 1.00 News, plus FT Index. 1.20 Thames News, with Robin Houston. 1.30 Armchair Thriller. 2.00 After Noon Plus presented by Mary Parkinson with Kay Avila. 2.45 Charlie's Angels. 3.45 Emmerdale Farm. 4.15 Tweety Pie. 4.20 Country Camera. 4.45 Fanfare for Young Musicians presented by Melvyn Tan. Alan Civil, Barbara Dickson and Raphael Wallfisch are the judges. 5.15 The Brady Bunch.

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.25 Help! with Viv Taylor Gee.
6.35 Crossroads.
7.00 This Is Your Life: Eamonn Andrews has a surprise for someone, somewhere.
7.30 Coronation Street.
8.00 Starburst.
9.00 Diamonds.
10.00 Party Political Broadcast by the Liberal Party.
10.05 News at Ten.
10.35 "The Black Bird," starring George Segal as Sam Spade Junior.
12.25 am Close: "Sit Up and Listen," with Captain Brian Calvert.
† Indicate programme in black and white

IBA Regions as London t at the following times:—

ANGLIA
pm Anglia News. 2.45 *Strumpet* 5.15 Happy Days. 6.00 About 12.25 am The Big Question.

ATV
pm ATV News. 2.45 Tenspeed rown Shoe. 5.15 Survival. 6.00 News. 6.05 Crossroads. 6.30 Today.

BORDER
pm Border News. *2.45 Strumpet* 5.15 Mickey Donald and Friends. ookaround Wednesday. 12.25 am *News Summary.*

CHANNEL
pm Channel Lunchtime News. s On Where and Weather. 2.45 pet City. 5.15 How's Your 6.00 Channel Report. 10.00 Life in France. 10.33 Channel Late News. 12.25 am Epilogue followed by News and Weather in French.

GRAMPIAN
1.20 pm North News. 2.45 Strumpet City. 5.15 Batman. 6.00 North Tonight. 12.25 am North Headlines.

GRANADA
1.20 pm Granada Reports. 1.30 Armchair Thriller. 2.00 Live from Two. 2.45 Bracken. 5.15 The Adventures of Black Beauty. 6.00 Granada Reports. *6.25 This Is Your Right.*

HTV
1.20 pm HTV News. 2.45 Strumpet City. 5.10 Ask Oscar! 5.20 Crossroads 6.00 Report West. 6.30 Benson. 10.35 HTV News.
HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Flalabalam. 4.45 Goohs. 5.10-5.20 Dick Tracy. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Tall Acre.

SCOTTISH
1.20 pm Scottish News Headlines and Road Report. 5.15 Pet Subject. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Report. 12.25 am Late Call.

SOUTHERN
1.20 pm Southern News. 2.00 Houseparty. 2.25 The Amazing Years of Cinema. 5.15 Dick Tracy Cartoon. 5.20 *Crossroads.* *6.00* Day by Day. 6.30 Mork and Mindy.

TYNE TEES
9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where the Jobs Are. 2.45 Strumpet City. 5.15 Here's Boomer. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.35 North East News. 12.25 am Hello God.

ULSTER
1.20 *pm Lunchtime. 2.45 Strumpet* City. 4.13 Ulster News. 5.15 Cartoon time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.34 Ulster Weather. 12.5 am Bedtime.

WESTWARD
12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 Strumpet City. 5.15 How's Your Father? 6.00 Westward Diary. 10.37 Westward *Late News. 12.25 am Faith for Life.* 12.30 West Country Weather, Shipping Forecast.

YORKSHIRE
1.20 pm Calendar News. 2.45 Strumpet City. 3.45 The Entertainers. 5.15 Emmerdale Farm. 6.00 Calendar (Emley Moor and Belmont editions).

RADIO

(Q) Quadrophonic broadcast
(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

am As Radio 2. 7.00 Mike Read. Simon Bates. 11.30 Dave Lee 2.00 pm Paul Burnett. 3.30 Wright. 5.00 Peter Powell. 7.00 1 Mailbag. 8.00 David Jensen. 12.00 John Peel (S).
Radios 1 and 2—5.00 am With 2. 7.30 pm Much More Music Radio 2 Medium Wave). 8.30 itchell Minstrels (S). 9.00 The Pops (S). 10.00 With Radio 1. 5.00 am With Radio 2.

RADIO 2

am Ray Moore (S). 7.30 Terry (S). 10.00 *Susannah Simons* 12.00 John Dunn (S). 2.00 Ed rt (S) including 2.30 Party Politi- roadcast by the Liberal Party. David Hamilton (S). 6.00 Much More Music (S). 7.30 World Cup Soccer Special. 9.30 The Boston Pops (S) (joining VHF). 9.55 Sports Desk. 10.00 Animal Alphabet. 10.30 Hubert Gregg says Thanks for the Memory. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued). 9.00 *News.* 9.05 *This* Week's Composer: C. P. E. Bach (S). 9.55 Beethoven and Franck violin and piano recital (S). 10.50 Music for Organ (S). 11.15 BBC Symphony Orchestra (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Mieczyslaw Karlowicz (1876-1909) (S). 3.20 Music for Two Pianos (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Medium and Message: A Different Voice 7.45 Ivo Pogorelich (S). 8.00 The Royal Concert on St. Cecilia's Day (S). 8.45 Six Continents. 9.05 The Royal Concert, part 2 (S). 10.20 Scientifically Speaking. 11.00 News. 11.05-11.15 Bruch (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-Week: Noel Edmonds. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 Transatlantic Quiz. 12.55 Weather: Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 3.50 Abroad Thoughts from Home. 4.00 Priestland's Progress (S). 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather: Programme News. 6.00 News. 6.30 The Senior Partner. 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Reith Lectures 1981. 8.15 How Dare You Talk to Me Like That! 8.45 Analysis: "Hard Times for Helmut." 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Lord Peter Wimsey. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

ART GALLERIES

T GARDEN GALLERY, 20, Russell WC2. Christmas Exhibition of 250 colours. Opens Tomorrow.

MAN, 8 Bury Street, St. James's. 01-839 2606. ANNUAL EXHIBI- OF 19th CENTURY FRENCH ERCOLOURS AND DRAWINGS. Fri. 9.30-5.30. Until December 18th.

HEBEN, 7-8 Mason's Yard, Duke St. James's, SW1. 930 2437. Ex- n. of Fine Prints and Drawings— America and Europe 1912-1937.

MAN HARVEY GALLERY, 11. Avenue, SC2. 728 2502. WATER- URS BY JOHN LYNCH. 18th Nov.- Mon.-Fri. 9-5.30 pm.

GALLERY, 43, Old Bond St., W1. 176 SCULPTURE AND WORKS OF Loan Exhibition of Victorian from the Royal Holloway College. Until 11 Dec. Mon.-Fri. 9.30- Thurs until 7.

S GALLERY. Probably the only in London devoted entirely to extile Art. Hand embroidered silk for giving and collecting: from £2,500. On the lower ground of ALLANS famous silk shop at Duke Street, Grosvenor Square, W1. Mon.-Fri. 9-6, Sat. 9-1. re 50p on request.

FINE ART, 33, Sackville St., W1. 230. BRITISH WOODCUTS. 1900-

BROWSE AND DARBY, 19, Cork St., W1. 734 7984. SIR ROBIN PHILIPSON—Recent Paintings and Watercolours.

COLNAGHI ORIENTAL and Shirley Day Ltd. at 14, Old Bond Street, London, W1. 01-491 7408. ONE THOUSAND YEARS OF ART IN JAPAN, from 21 October until 27 November, Mon.-Fri. 10-5.30. Sats. 10-1.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572/3. 20th CENTURY WORK ON VIEW. Mon.-Fri. 10-5, Sat. 10-1.

MATHAF GALLERY, 24, Motcomb Street, London, SW1. Tel. 235 0010. Specialists in 19th Century and Contemporary Paintings of ARABIA.

MILNE HENDERSON, 99, Mount Street, London, W1. 499/2507. The EXQUISITE WORLD OF JAPANESE BIRD AND FLOWER PAINTING (1530-1830). Oct. 28th-Dec. 11th.

WHITECHAPEL ART GALLERY, Whitechapel High St. 01-337 0107. Open 11 Sun. 1st LAST DAY BRITISH SCULPTURE IN THE TWENTIETH CENTURY, Part 1, 1901-1950. Adm. £1 (50p).

LEGER, 13, Old Bond Street. English Watercolour Exhibition including Turner, Towne, White Abbott. Also H. B. Brabazon Exhibition. Mon.-Fri. 9.30-5.30.

THACKERAY GALLERY, 18 Thackeray St., Kensington Sq. W8. 937 5883. DONALD McINTYRE—Recent Paintings. Until 4 Dec.

PUBLIC NOTICES

KIRKLEES METROPOLITAN COUNCIL
Offered £3,500,000 Money Bills for issue on the 18th November 1981, to mature 17th February, 1982. Tenders were received for £26,500,000 and all the bills were allotted at an average of 13.74 nett discount. The total amount of Bills outstanding is £7,500,000.

CITY OF NEWCASTLE-UPON TYNE
£10,000,000 Bills issued on 18th November 1981 at a rate of 13
mature 17th February 1981. Total applications were £40,000,000 and there are £10,000,000 Bills outstanding.

GLASGOW DISTRICT COUNCIL
Bills issued 18th November 1981 £6m at 13¼%, maturing 17th February, 1982. Applications £35m. Bills outstanding £18m.

EAST SUSSEX COUNTY COUNCIL
£5,000,000 Bills issued on 18th November 1981 at a rate of 13 47-64ths per cent to mature 17th February 1981. Total applications were £30,000,000 and there are £13,000,000 Bills outstanding.

GLOUCESTER COUNTY COUNCIL
£4,000,000 Bills issued on 18th November 1981 at a rate of 13[illegible]% to mature 17th February 1981. Total applications were £8,500,000 and there are £12,000,000 Bills outstanding.

THEATRES

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317 Evs 7.30. Wed and Sat 2.45. Group sales 01-379 6061. ANNIE LAST 2 WEEKS. Opens Bristol Hippodrome 22 December.

VICTORIA PALACE. CC 01-828 4735-6. 01-834 1317. Opens December 21st. JOHN INMAN, ARTHUR LOWE, IAN LAVENDER in MOTHER GOOSE. Group Sales 01-379 6061 & Teledata 01-200 0200 (24 hrs).

WAREHOUSE. Donmar Theatre. Earlham Street, Covent Garden. Box Office 836 6808. ROYAL SHAKESPEARE COMPANY HANSEL & GRETEL by David Rudkin, tonight 7.30. This production may be felt not suitable for younger children. Next perf THIRTEENTH NIGHT 26 NOV.

TRAVEL

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We have a selection of 100 top-quality crewed boats that we have personally inspected based in Antigua and St. Vincent. We have coloured photographs of the boats and crews and will be happy to give advice and arrange travel. Prices from £20 per head per day. Ring or write to Patrick Boyd: CAMPER & NICHOLSON YACHT AGENCY, 16, Regency Street, London SW1P 4DD. Tel: 01-821 1641 or Telex: 918078 NICLON.

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THE MANAGEMENT PAGE

Why academics must face reality

Manchester Business School is having second thoughts about its traditional courses. Michael Dixon reports

"WHAT THE devil," murmured one of the conventionally attired majority in the bar of Manchester Business School, "are those *hippies* doing in here?" His older neighbour shrugged with the air of being surprised only by someone else finding something surprising, and replied: "Another new development, of course."

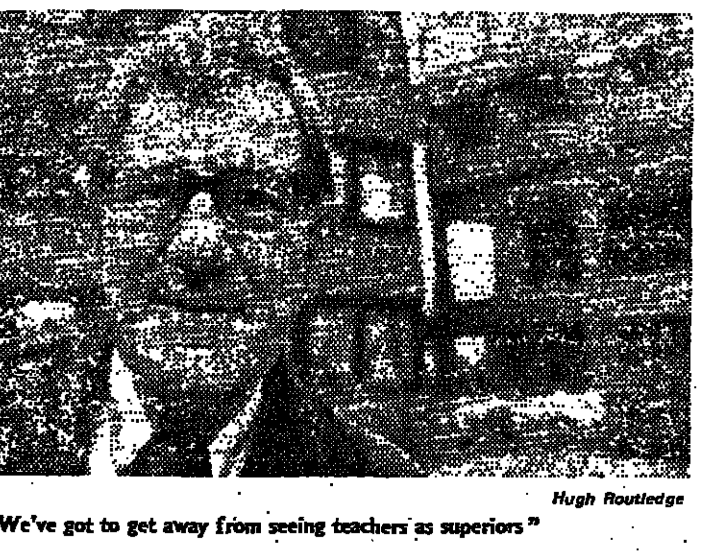
The answer was right. With aid from the Manpower Services Commission, the school runs a small enterprise centre. Its aim is to help people to found and run their own business, and more than half its clients have done so. But they have been aspiring capitalists of standard mould and have groomed and comported themselves accordingly. Their monopoly has now been broken by the centre's decision to cater also for people wishing to set up co-operative businesses. Hence the unconventionally dressed presences in the bar.

The change is only one of the latest developments at the Manchester school. Its collective brain seems to seethe with innovative ideas to the extent that any change already apparent is almost by definition old hat. This trait is often cited by staff and by customers of other institutions of management education, not as a strength, but as a defect.

While management may be young as a "subject," education has long been growing old and wise. Its methods of extending and disseminating academic knowledge have been painstakingly refined, well tested and are of relatively low unit cost. By comparison with these inheritances from the academic tradition, Manchester's ventures are seen by many management educators as unduly speculative and costly.

Professor Tom Lupton, the school's director, disagrees. Since the only sensible object of management education is to improve management in practice, he believes that Manchester is again setting an example which management schools the world over will eventually have to follow.

The stock in trade of conventional education is established knowledge, refined and extended over time by use of so-called cognitive skills such as analysis and intellectual theorising. To the extent that the practice of managing is reliant on these procedures, it can only benefit by improvement of the skills concerned.



Hugh Routledge

Tom Lupton: "We've got to get away from seeing teachers as superiors"

But academic activity of this kind is rarely the main determinant of good management. Success usually depends less on knowing and applying theories as to *why* problems arise than on deciding swiftly *how* they can best be tackled and getting the remedy put into force by other workers. Practical management means engineering an appropriate balance between company objectives, technical possibilities, and the individual and social needs of people whose behaviour often defies any theory so far formulated. And the importance of this non-academic activity is growing.

For instance, Professor Lupton says, "accurate forecasting of the future is becoming increasingly hazardous." So even the branch of management most closely associated with academia — detailed formal planning—is becoming less useful. "The capacity of individuals and organisations to learn from their own short-term experience and to act accordingly becomes crucial to their success."

In sum, what practising managers most need to be taught to learn is not what conventional education has learned to teach but something altogether more relevant and specific to the task in hand. And since the purpose of management schools is to improve management in practice, those which shelter in the security of established academic techniques will inevitably cease to justify their existence. If such schools are to survive, Lupton believes they must therefore generally plunge, like Manchester, into the insecurity of innovation.

"We've got to get away from the tradition that sees teachers as superiors handing their higher knowledge down to inferior beings of the same kind. For instance, my professional security as one of the international community of scholars is as an expert in organisational theory, but that doesn't make me much use to most managers constantly struggling to reconcile social and economic and technological pressures so that productive work gets done.

Risk

"But while our expertise as specialist scholars might not help them, we have other differences which could. We're generally better, for instance, at conceptualising problems, testing them against various theoretical frameworks so that different aspects are shown up more cleary; and at analysis.

"Differences like those must be of potential use to them, but not unless we come down off the academic platform and get among them. And that's a risk.

"There's another risk too. We can't learn the new things required unless managers actively join in helping to find out how our different skills and perspectives can be useful to them. But managers are affected by the old tradition and unless we can hand them down ready-made solutions, tend to shrug us off as irrelevant. If management schools are to do their job, though, I think it's up to them to take the initiative in breaking down that barrier."

Programmes that will teach practising managers what they need to learn can be devised, Lupton thinks, only by getting those managers together with the educators and pooling their views. "If we can help them to frame a clear view of what their needs are, they can help us to assemble a set of educational resources with a good prospect of meeting their needs at a cost they think worthwhile.

"By comparison with the cost of sending someone on a standard course, the price will be high. We charge out our academic staff to the different centres within the school, for instance, at £350 to £450 a day. But if the customers are involved in designing the programme, they can at least see how the higher cost arises out of the need for effectiveness. And if the price is still too high, we can set about value-engineering it down."

Because of this, Lupton thinks Manchester should eventually abandon all its residential courses except the one leading to postgraduate academic qualifications: a diploma after one year's study, or a Master of Business Administration degree after two years.

"Those are already very much practice-based. The first week we give the students a jumble of data on a company—it's a real one in Warrington—and tell them to sort it out and recommend what managerial decisions need making. And we also tell them their proposals had better be good because the company's chairman'll be coming next week to hear and criticise them.

"The only residential programmes I'd ideally like to see in the longer run would consist of staff and managers swapping experience within disciplined frameworks of different kinds."

To develop as he projects, all management schools within universities would need to loosen themselves from academic convention. "Staff wouldn't cease to be members of the scholarly community. They'd go on researching and publishing on their specialisms, and holding university rank as lecturers, readers or professors. Their academic expertise will always be a vital resource to a management school.

"But it would also need their other resources in terms of their more general skills, as members of the team effort to meet the actual needs of managers. For instance, staff could easily do a bit of teaching at a far lower level than they personally work at. And management schools need other human resources who aren't scholars necessarily, but are good at devising learning experiences and so on."

This would require such schools to reward the necessary non-academic work. In money, they can do this by using earnings—as distinct from income from the University Grants Committee—to recognise "people who do new things that are enterprising and useful." But rewarding non-academic achievements in terms of status is more difficult.

The answer favoured by Lupton is to sever management schools from the academic pecking order. While some of their staff might rank as professors within the university at large, in the school they could be only fellows, senior fellows or its principal.

Even this radical step, however, would leave management education short of what he views as its most effective form. "Beyond that, perhaps 30 years on, we ought to knock the buildings down. After all, they only lend a spurious permanence to the myth that management is teachable as a body of established knowledge.

"All we really need is a means of identifying both what managers currently need to learn and the educational resources best able to help them and of putting them in contact. New technology should make that possible, even world-wide. Then the learning could go on anywhere—aircraft, hotels, company offices—you wouldn't have much need for dignified piles labelled 'management school'."

BOARDROOM BALLADS

HE WHO PAYS THE PIPER . . .

Cogito ergo sum—
I think, therefore I am—
Is a comforting reflection
for a passive kind of man;
But more open to discussion
with the business on the blink
Is the corporate assumption
that I am, therefore I think.

*

For semantically speaking,
it's a paradox to give
Definitions of a function
which is non-executive;
Or at least suggests a reason
for the many people who
Enquire of Non-Executive
Directors what they do;
And many look with envy
at this curiously thriving
Renaissance of the arcane art
of non-executiving.

*

Whatever else it offers,
this anomalous position
Is rarely calculated
to give wider range of vision;
Since the typical incumbent
is exclusively intent
On the Merchant Bank's neurosis
with the way the money's spent;
Or compliant with the Chairman's
hesitation to be cluttered
With those who fail to understand
which side their bread is buttered.
So a rare, protected species
are the non-execs who dare
To tell their patrons on the Board
to go to you-know-where!

The most persistent interests
reflected on the Board,
Consistently contrasting
with the ones that are ignored,
Are the lenders and investors who,
by some strange device,
Are especially enfranchised
to express their wishes twice;
For having voted on the Board
to bolster or deplete it,
Can still recall their cash at will
—both have their cake and eat it.

*

So composition of the Board
should really be about
More relevant reflection of
the views inside and out;
And arguments about the use
of independent members,—
Are insignificant beside
legitimate contenders
For less-impeded access to
the corridors of power—
For customers, or women,
or the workers-by-the-hour.

*

And in default of all of this,
the Chairman, willy nilly,
Condemns his Non-Executives
to gilding on the lily;
The brighter ones, one hopes, will use
their privileged position,
To tell the Board a thing or two
about its composition.

Bertie Ramsbottom

NEXT WEDNESDAY: THE CORPORATE PLANNER

BUSINESS PROBLEMS — BY OUR LEGAL STAFF

Holiday lets

I have bought a property in France and for the past 12 months it has been let on short holiday lets. Can you tell me how it will be taxed here? I assume I can get the usual 10 per cent of the letting income against depreciation of the furniture but what about such things as interest charges and ferry tickets for visits to the property?

The profit will be assessable under case V of schedule D, as income from a foreign possession. In the third tax year, the assessment will be based on the income of the second year, unless you elect to have it based on the third year's income. In the fourth year onwards, the assessment will be based on the preceding year's income, without the option (up until the tax year before the year in which the property is sold). The assessments will attract investment income surcharge, if they take your investment income beyond the threshold. Unless you have an easy going inspector, you will not get tax relief on the cost of ferry tickets and other travelling expenses; so the tax bill may well make a large hole in your real net profits after interest charges and other outgoings not allowable for tax purposes.

Purchase order

I am a director of a company which owns land of which part has been served a compulsory purchase order for the construction of a motorway. We would be interested to know to what limits the MRCU can extend their compulsory powers, such as acquiring farm tracks for rights of ways. We understand this is 220 feet from the centre of the motorway. Is this correct. Could you state the Act governing this and where to obtain a copy?

The limits are 220 yards, and, in some cases, 880 yards from the middle of the highway. Sections 129, 239 and 240 of the Highways Act 1980 and the 18th Schedule to that goven the position. You obtain a copy of the Act f[rom] HM Stationery Office.

Bill of sale

In 1980 I entered into a s[ale] and lease-back agreement [for] some machinery. The i[ndi]vidual has now gone i[nto] receivership and the Recei[ver] is requiring possession of [the] machinery as no registe[red] Bill of Sale took place on [the] inception of the agreem[ent]. Would you please adv[ise] whether I should h[ave] registered a Bill of Sale? [I] would point out that [the] price paid for the goods [was] the current market value.

Unless the machinery was [part] of the realty (land) on w[hich] it stood, we think that a [Bill] of Sale would have been r[egis]tered.

No legal responsibility can [be] accepted by the Financial [Times] for the answers given in [these] columns. All inquiries wil[l be] answered by post as soo[n as] possible.

'Companies fail to communicate'

WE ALWAYS knew it. In the past it was usually someone else telling us. Now, British bosses have admitted it for themselves: they are failing to communicate effectively with their work-forces.

This frank admission comes as one of the major conclusions of a new survey* of the internal communications policies within Britain's medium-sized and larger companies. It is especially significant because the respondents were all senior executives in companies with a known active interest in internal communications.

According to the findings, the top management of 88 per cent of more than 115 organisations, a third of which are ranked in The Times 1,000 leading companies, believe that their workforces only partially understand their objectives. More than half of them believe that their managers also do not fully understand the companies they work for.

The findings are those of a joint investigation made by Bolton Dickenson Associates, a specialist consultancy in corporate and industrial communications, and The Director, the monthly journal of the Institute of Directors.

It found that most companies had been operating an employee communications programme for between six months and ten years in order—ironically—to "improve employees' understanding of company policy and the business generally."

The survey does not attach any blame for this failure but notes that the sort of communication of which will change people's attitudes, will only operate at the speed at which people's resistance to change will allow.

The general concensus was that an effective employee communications programme should take at least two years to have a noticeable impact.

The survey also found that most companies had experienced no union resistance to communications programmes.

* *Communications at Work, available from Bolton Dickenson Associates, 10 Doughty Street, London WC1. Price £15 or £12 for IOD members.*

THE ARTS

stival Hall

Boston Symphony

by ANDREW CLEMENTS

oread across several seasons, al Insurance is sponsoring eries of concerts under the "Great Orchestras of the ld." Not all the names in schedule would find their into everyone's top ten. jestras, but there would be quarrel over the Boston phony. Monday night's ival Hall concert under its ical director Seiji Ozawa the first of two the iestra is giving in London part of its centenary inter- onal tour. The programme isted of Beethoven's sixth phony and Stravinsky's *The of Spring*.

the orchestra was suffering travel fatigue it showed rarely. A momentary edness in the violins early he Pastoral Symphony was ingular blemish; otherwise e was a feast of first-class ing. Mr Ozawa follows Von ajan in seating the viola ion to his right, and this s the orchestra's string tone omforting warmth; it has the richness of the finest opean bands, but it pro- s a solid, encouraging basis t sound enlivened by the l. French traditions have n a long time to wither in Boston Symphony; the dwind especially has ined a marvellous character, principals making indivi- contributions instead of ding into a homogeneous d. The first clarinet and oon especially were con- al delights.

That Mr Ozawa can exploit this individuality was the main lesson of his account of the Beethoven symphony. The repeated figures of the development were effortlessly exchanged, perfectly weighted by the strings, but otherwise a sedate first movement came to interpretative life only in the flute/clarinet duetting in the coda. Throughout the symphony incidental beauties continued to be presented in perfect poise, but the performance rarely strayed beyond transliteration. This was a view of nature through tinted spectacles; even the Storm seemed firmly contained, for all the effulgence of the entry of the trumpets and trombones.

It seemed at first that *The Rite of Spring* would be similarly tamed. A beautifully lazy bassoon solo and perfectly dovetailed woodwind led to a version of "Spring Auguries" that was holding something back, for all the weight behind the string tone. Yet from then on Mr Ozawa began to build up a formidable tension. The brass was given its head—too enthusiastically, it seemed, towards the close of the first part, when little else could be heard—but eventually the power kept in reserve was remorsely invoked. Subsidiary details, an isolated pizzicato here, a woodwind swirl there, were tellingly illuminated. In the final "Sacrificial Dance" each element was held in its exact place, yet still the effect was thrilling.

stream

Macbeth

by B. A. YOUNG

owever many times you seen *Macbeth*, it will still vorth going to see Andrew evski's production for the ub Company, unless that wever many" indicates one one. Visually, the Cherub's *beth* is extraordinary. tion is distilled from each e to concoct a stimulating tron. But the argument of play is hard to follow. The points of the argument are ly made at all.

the rest of this review is y to be full of adverse judg- ts, I must say at once that I d the evening intensely en- ble, the production innova- and ingenious. But (as in case of Peter Brook's *ummer Night's Dream*) un- you know the text well, you not always appreciate what ppening on the stage.

begin with, you will not much of the text. The play ken at breakneck speed, and voices sound like the lines Bach three-part invention, ering away to one another ut any emotional give-and- Moreover, the players all a kind of basic costume of linen suits, with long wigs ack or red, and it is not to tell one character another. Personal charac- es are ignored; Tom nger's beardless Duncan no older than Philip s Macbeth, Chainy Lane the boys' parts, Fleance eyward, as well as one of itches. Only Karen Mann, ady Macbeth, and Pam , as Lady Macduff, are itly recognisable. Lady iff has lost her son, and lay has lost that intensely ic line. "He has killed me, r. Run away, I pray The three black-masked rers, who rape and kill Lady Macduff, are a truly horrid invention, all the same. The play has also lost Donalbain, but this is a comparatively small loss.

The lack of subtlety in the speaking is a serious fault. When Macbeth tells Young Seyward: "My name's Macbeth," it must sound like a sentence of death. Mr Cade might just be answering the telephone. Miss Mann puts some feeling into her sleep-walking, but spoils it by too much acting; she illustrates every thought, like a soliloquising ballerina, but hardly ever seems to be washing her hands, as she should.

Naturally, the witches' scenes come off best. Mr Visnevski, building on the authentic stage direction, "Enter Hecate and the other three witches," has provided six witches altogether, the three familiar sisters and three black-clad figures, who are Hecate's controls over the others. Hecate herself appears as a vast, 10-foot elemental. When Macbeth solicits supernatural knowledge, the witches strip him and transfer his being to a figure woven into a rug: and, when Malcolm's soldiers are at the gates of Dunsinane, this rug is displayed through the translucent curtain upstage, which is the basis of Danusia Schejbal's decor.

'Incident at Tulse Hill'

Incident at Tulse Hill, the first stage play by Robert East, will open at Hampstead Theatre on December 8 with previews from December 2.

The cast is Maurice Denham, Lindsay Duncan, Alison Fiske, Michael Forrest, Michael J. Jackson and Roland Oliver.

CHRIS DUNKLEY writes an open letter to the BBC's new head of Variety

Searching for the spice of life

Dear James Moir,

Don't you think it is time some serious attention was paid to the supposedly non-serious business known as "variety"? I am writing this open letter to you because *Television Today* has just announced that you are to succeed Robin Nash from the beginning of 1982 as Head of Variety in the BBC Light Entertainment Group. If you had a counterpart in ITV I would make this a joint letter but it is one of the weaknesses of the ITV federal system that although several of the constituent companies have their own heads of light entertainment there is no individual ultimately responsible for LE, as it is known, or for variety, on the network as a whole. That may explain quite a lot.

There is no great mystery, I believe, *about* why *so* little attention is given to this subject: though it has glamour and large *sums* of money attached to it and from time to time the tabloid Press creates a huge fuss about one star or another (Bruce Forsyth, for instance) the entire business is seen both inside and outside television as being essentially, superficial. Despite your own involvement you may feel that this is only right: that news, drama, politics and so on really are more important and that a general broadcasting organisation such as yours with so many "serious" responsibilities ought not to pay too much heed to variety.

I think that is quite wrong. Not only do variety shows attract bigger audiences than programmes about politics or even most dramas, they must also be at least as responsible as any other part of the BBC's output for helping to form or anyway reinforce attitudes about those serious subjects — religion, politicis, race, whatever they may be. I am not suddenly starting to subscirbe to the school which believes that all social phenomena from mugging to the fall in church-going can be laid squarely at television's door, but I am maintaining that Dave Allen's attitude to God is just as influential as Malcolm Muggeridge's (however influential that is) and that Alf Garnett's rantings about nig nogs are at least as signficant as anything in London Weekend's Sunday lunchtime racial series *Skin*.

Which is not to say that when I watch variety shows I am looking primarily (or even at all) for subtle insinuations or influential attitudes, nor that my ensuing remarks will be devoted to a deep analysis of the political implications of *The Paul Daniels Magic Show*. My concern is not that the messages within variety shows should be changed, but that the shows themselves—whatever attitudes they carry — should be well made, and that greater attention be paid to them.

One easy practical change which you are as well placed as anyone to bring about would be for the LE Group to follow the habit of other BBC departments in making programmes available for previewing by critics. Whatever the reasons for withholding them, it has always looked like a cowardly attempt to evade the critical scrutiny borne by other programmes. hTis is not personal pleading: even if previews were available I should watch very few, but previews would have the effect of helping to pull variety within the ambit of serious consideration as applied already to other programmes.

There is no difficulty of course in taking a longer view; one simply watches off air. Last time I wrote in these terms about variety my main complaint was that the very word was a misnomer since variety's strongest characteristic was that it rarely varied. It would be unfair, I think, to suggest that nothing has changed. At that time there were two main programme types: shows hosted by singers, as it might be *The Shirley Bassey Show*, and shows hosted by comedians such as *The Jim Davidson Show*. Common practice seemed to be for Shirley Bassey to have Jim Davidson as her guest star and for Davidson to return the compliment. Such tedious mutual backscratching has certainly not stopped; Mike Yarwood

Paul Daniels, Benny Hill, Des O'Connor, Mike Yarwood

was the "star guest" on this week's *Des O'Connor Tonight*, but there does seem to be less of it now

Currently there appear to be three distinct though overlapping formulae competing for popularity among those who make these series. Some such as *The Benny Hill Show* are built around the talents of one performer and include few if any independent acts, other artists being used—and "used" is too often the right word—solely as support for the star. Others as with *The Paul Squire Show* employ a named host as compere to introduce traditional variety acts, this being the most thoroughly conventional structure, I suppose. It was the form of *Sunday Night At The London Palladium*, British television's first big variety series, and the one that made a household name of Bruce Forsyth.

Your own department has done more than any other to introduce a gradual sea change in shows of this sort: whether as deliberate policy or simply because they happened to be around you have ensured that impressionists and conjurors have adopted as important a place in variety as singers and comedians. It is not just that Yarwood, Daniels, Cooper and others have had their own shows: nowadays no variety bill is complete without at least one impressionist and one magician. *Incidentally* I do think that Daniels' sheer professionalism—not just with magic but as an all-round showman—makes his series much the most enjoyable of its sort for a very long time.

The most conventional of the Palladium-style series now running is *The Palace Presents* which your competitors screen late on Saturday nights in most areas. It is compèred by a hefty North American named Jack Jones who dresses in a baby-blue evening suit with shiny lapels 8 in wide, moans love songs (well, lerv songs actually) into one of those radio mikes which have deprived so many singers of their favourite plaything—the long lead—and introduces the acts with phrases such as "Help me welcome.... Please welcome. . . . It's a pleasure to welcome. . . ." ITV are doing their best to keep the origins of this series a secret, but if I heard Connie Stevens correctly on Sunday she said "It's so nice to be here in Canada."

If international sales are your aim, and they do seem to represent the bottom line for a growing number of television companies, remarks of that sort can be very unhelpful. I thought your own department at the BBC showed some contempt for viewers in allowing *Barbara Mandrell and The Mandrell Sisters* to go out one recent Sunday night in the middle of autumn with La Mandrell welcoming spring and burbling about it being nice to be with us again on a Saturday.

No doubt it is in the hope of avoiding such embarrassments that people have started using the third format: simply a succession of acts appearing on screen with their titles superimposed, no central star performer and no compère. In that manner you can get away with virtually no language difficulties as Scottish TV did on Sunday night with *Star Parade* which appeared from the credits to be entirely German.

I hope that instead you will maintain the steady addition of fresh types of talent as mentioned above, and reintroduce a few old-fashioned virtues. Singing words so that they can be heard for instance: it is ludicrous that it is still standard practice throughout LE to sing in broad American accents regardless of nationality. Why do you suppose Lance and Miriam on ATV's *Starburst* chose to sing "One moh tarm foh larv, lemme he thassong again" when they could have sung in English? I do hope you will see that it happens less on BBC shows. And could you ask just one or two of your directors to take the star filters off their cameras?

If you were to encourage an awareness that in addition to the generation wanting to hear "Tipperary" and "Pack Up Your Troubles" from Max Bygraves there is another wanting Beatles songs and Merseysound you would be expanding your audience. And if, after the increase in the licence fee, you felt able to start just one series with proper old-fashioned rehearsals you could, surely, begin to produce a modest amount of song and dance material which, if not anywhere near the 1930s standards of Fred Astaire, Ginger Rogers and Busby Berkeley (and why shouldn't you aim that high?) did at least have the chorus all facing in one direction.

Sorry to sound tetchy: it is only because I find variety, at its best, a very enjoyable way of relaxing—but so seldom find it at its best. Good luck in the new job ayway.

Yours, etc.

Hungarian theatre looks to Moscow

by FRANK LIPSIUS

Two years ago, Budapest was scandalised — and delighted — by the revival of a musical of the Stalinist era called, *The State Department-Store*. Done by a rather avant-garde provincial theatre, the production ridiculed the post-war promise of plenty made by the cynical and maladroit clone of Stalin who ruled Hungary. Stampedes at the box office occurred when tickets went on sale in Budapest.

Though the head of that provincial company was brought in to head the National Theatre in Budapest, such plays are not being performed today. In the apprehensive political climate caused by Poland's economic problems, Eastern Europe treads cautiously.

Rather than risk offence, Budapest theatres import their radicalism from the Soviet Union. Two plays opening the season this year in Budapest come from Moscow, and both provide an exuberant independence and brilliance to which the Hungarians themselves could aspire.

The season at the National opened with a raucous version of *The Three Penny Opera* staged by Yuri Lublimov, the head of the famed Taganka Theatre in Moscow. The set is a graffiti-laden double-decker London bus, which serves as the Peacham home and refuge for the three dozen actors who prance on stage for the large production numbers and then retreat to watch from the upper reaches of the bus.

Every scene is full of sight gags, antics and ribald ridicule. When the wily and endearing Dezso Garas as Mr Peacham stakes out a territory for a new recruit, he points to a chart of the sections of a pig as districts of London. In a touch that no Hungarian director would now dare, one scene features a London derelict with "Strike" etched in Polish on his belly. It draws catcalls and wild applause. The pardon for the doomed and once dour and dapper Macheath (Denes Ujlaki) is delivered by a royal messenger astride a live horse (whose quiet dignity contrasts with the rest of the cast).

These are random examples of an evening full of good-humoured and silly inventiveness. The director even manages to reproduce Brecht's pathos at the end of the play with eight old people who emerge from the crowd to recite the Lord's Prayer in sincere and quavering voices. Lubimov, who works here often because he has a Hungarian wife, sets a high standard for the new season.

Karoly Kazimir's production of *The Master and Margarita* brings to Budapest a Russian genius with whom his Hungarian hosts have a hard time keeping up. In fact, this much anticipated adaptation by director Kazimir and respected translator Janos Elbert mistakenly places the action in a circus tent to make Bulgakov's bizarre and wonderful juxtapositions somehow comprehensible. But they also lose their mystery and that triumphant ability to astonish. In their place, the play provides feeble circus acts and some coy striptease, a preoccupation with dressup and bugle fanfares.

Yet a third influence from Russia is detectable in the opener at the Pesti Theatre, a conventional production of Chekhov's *Platonov*. A play which its author was later to repudiate, *Platonov* at least fulfils the melodramatic potential implicit in having a charmingly irresistible, and pathetically romantic, hero.

Four women are supposed to love this village schoolteacher, whom director Istvan Horvai and set designer Robert Eberwin think for some reason ought to live in a garret, even with a wife. All, except the wife, dress as though the garret were a royal palace decorated with anatomical school wall charts. Their host and object of admiration has only one talent, being able to draw with his feet, as Laszlo Tati Toth skilfully does in the leading role, but much of the rest of his performance is confined to sulking, when he is not raving.

In a much lighter vein, the Vig Theatre is revising a hit of ten years ago, *Imaginary Report from an American Pop Festival*. Based on a short story by Hungary's octogenarian doyen of the short story, Tibor Dery, the musical is the first to combine the talents of the established theatre with the best of Hungary's thriving pop music scene.

Lokomotiv GT, Eastern Europe's first supergroup, wrote the original music, and though the group has undergone a number of changes in the past decade, this revival of their Jagger-influenced first incarnation retains its lively and original appeal. The production introduces a new generation of actors and musicians who manage to inject fresh enthusiasm into Laszlo Marton's *Hair*-like direction. Fortunately, these troubled times for Eastern Europeans have inspired a clever, if somewhat cautious, effort to elevate their concerns into theatrical subjects.

Arts Council awards

The Arts Council has approved a number of awards to composers to enable them to undertake a commission from a promoting or performing body.

John Casken (32) receives £1,500 for an oboe concerto commissioned by the City of London Sinfonia, to be performed on October 10, 1982 at the Queen Elizabeth Hall, London.

Douglas Coombes (46), of Potton, Bedfordshire, has been given an award of £2,000 for the composition and the libretto, written by David Self, of an opera commissioned by the Norfolk and Norwich Triennial Festival. The opera, entitled *Betsy Fry*, will be performed in October 1982.

John Dankworth, who lives in Wavendon, Buckinghamshire, receives an award of £1,000 towards his fee for *The Diamond and the Goose* (with libretto by Benny Green), for choir, soloists and symphony orchestra commissioned by the City of Birmingham Choir. The work will be performed for the first time later this month.

An award of £2,000 has been made to John Joubert (54) of Birmingham, for the composition and the libretto, by Stephen Tunnicliffe, of a children's opera commissioned by St Peter's School, Huntingdon, for performance at Easter in 1983.

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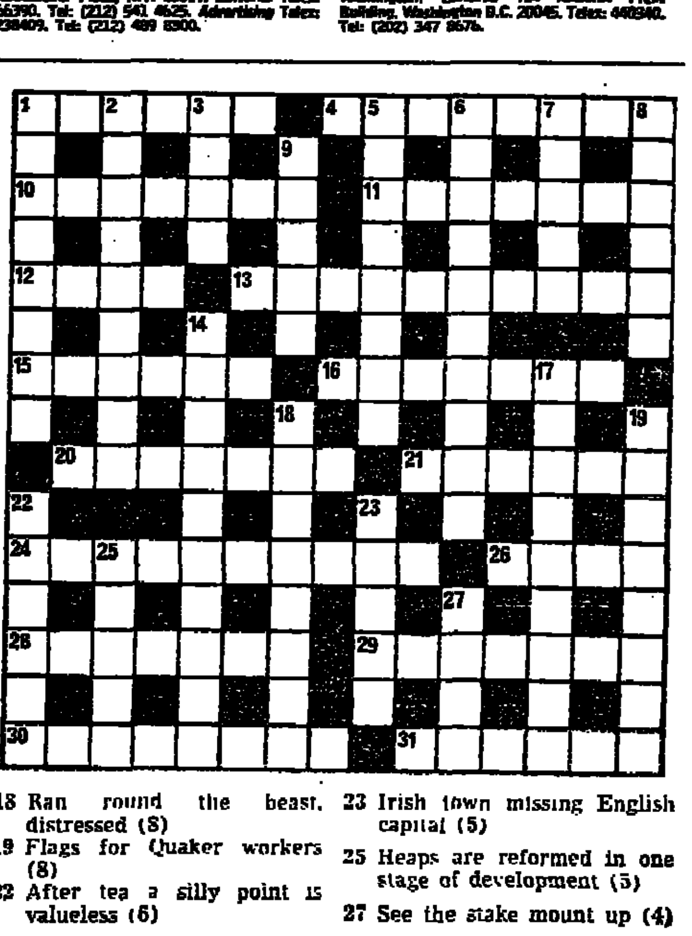

ACROSS

1 It gets in one's hair at a fight (6)
4 Warmed potatoes are needed round the greens (4-4)
10 It is a nightmare in the young with us (7)
11 Weary sapper went to bed (7)
12 Impudent advice to one angry without it (4)
13 Preliminary sketches of indecent pictures (10)
15 Tree for party returning in expensive surroundings (6)
16 "And let him that is —— come" (N.T.) (7)
20 Egyptian god has nearly everything for a high explosive (7)
21 In France I find one month barren (6)
24 Medical tip—get involved for a change (10)
26 Scottish herald with his own court (4)
28 Penny utters commendations (7)
29 Summary off colour (3, 4)
30 Cash not for Ethelred (3,5)
31 Look for one among the other messengers (6)

DOWN

1 Commander in Flying Squad gets oriental to agree (8)
2 What a small world it is! (9)
3 Father of a group (4)
5 "Ripening rich — that our love had sown" (Zinsser) (8)
6 Saint and bird start a tongue-twister (5,5)
7 Priestess has a point for the wader (5)
8 Man's ultimate—a daily chore (2,4)
9 Take Bob in hand for a song (5)
14 An officer is to prosecute—that is the important point (5,5)
17 Two terms at school give a tip to the racegoer (5,4)
18 Ran round the beast, distressed (8)
19 Flags for Quaker workers (8)
22 After tea a silly point is valueless (6)
23 Irish town missing English capital (5)
25 Heaps are reformed in one stage of development (5)
27 See the stake mount up (4)

Solution to Puzzle No. 4726

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Wednesday November 18 1981

The Paisley challenge

THE IRA and the Ulster Protestants have both reacted with predictable fury to the rapprochement between London and Dublin and the decision of Mrs Thatcher and Dr FitzGerald to set up more formal links between their governments. It is quite conceivable that both will cause a great deal of suffering in their attempts to undermine this rapprochement. But neither the British nor the Irish Government should allow itself to be deflected from the course on which they have embarked.

No one can imagine that any amount of understanding between London and Dublin will by itself bring peace to Ulster, let alone anything which might be described as a settlement. Discrimination, violence and mutual hostility have too long a history for that; if peace is ever to come to Northern Ireland it will take a very long time. But after 12 years of disturbances it has become impossible to believe that any policy will lead to peace which looks at Northern Ireland in isolation. The troubles are the direct consequence of the partition of the island 60 years ago, of the passions which led to that partition, and of the sectarianism which has marked both parts of Ireland ever since. If there is ever to be a settlement, it must take some account of the facts of history and geography.

Common interest

That settlement is so far off that it is impossible and undesirable for a British Government to have fixed views now on the form it should take. But there are hard practical reasons why London and Dublin should co-operate closely now to reduce the violence and the tension. The permeability of the border makes it difficult for the forces of law and order in the north to combat the terrorists; at any stage, the violence in the North could contaminate the Republic. Fighting terrorism is a common interest.

In the first instance, it is quite possible that the level of violence will continue to escalate. Any co-operation between the British and Irish Governments is seen by the Protestants as a betrayal of their claim to determine the future of the six counties, by the IRA as a betrayal of the fantasy of some kind of unconditional surrender by the British. It was inevitable that both sides would do everything to undermine the Thatcher-FitzGerald initiative.

So far, as in the past, the terrorism has come mainly from the IRA, whereas the Protestants have been comparatively restrained, in their actions if not in their language. The outrages on the mainland made it clear that the IRA's main target is British public opinion; but it is possible that the murder of Mr Robert Bradford, the Unionist MP, was deliberately intended to provoke retaliation in kind by the Protestants.

No direct lever

Mr Ian Paisley's threat to make Northern Ireland ungovernable, through a programme of civil and political non-co-operation with the British Government, must be taken very seriously, as a measure of his personal ambition to determine events in the province. But there is no reason why he should succeed in deflecting the British Government from its course. It was comparatively easy for the strike by the Ulster Workers' Council in 1974 to bring down the power-sharing arrangement, because the Protestants were merely showing that they were not prepared to share power with the Catholics. This time round, however, the Protestants have no direct lever on arrangements between London and Dublin. Provided Mrs Thatcher displays the determination for which she is noted, the principal victims of Mr Paisley's threatened programme will be the inhabitants of Northern Ireland.

The British Government's strategy now should be to ride out the Paisley challenge and, in effect, to call his bluff. At the same time it should, in co-operation with the Irish Government, take all necessary steps to intensify security precautions against terrorism. The gestures of reconciliation offered by Dr FitzGerald and the rapprochement between London and Dublin cannot and should not be undone.

Cuts in higher education

A MAJOR reason why the word "education" provokes so much argument is possibly that it is ambiguous. It can be used to signify an ideal: a process at once universally consistent and of necessity beneficial. In this sense the more highly people anywhere are educated, the better they and their society must become. But the same word can also denote various practices both carried on and undergone by large numbers of fallible human beings. In that case, without cogent evidence otherwise, the effects cannot be assumed to be always beneficial or consistent either from place to place or over time.

The ambiguity needs to be kept in mind especially today when a climax is reached in the campaign by UK higher educational interests against the Government's decision that universities and polytechnics must bear their proportionate share of the cuts in State spending. The Government's stance will come under simultaneous attacks both in Parliament and from public demonstrations organised by 10 unions with members liable to suffer

Ideal view

It is perhaps understandable that the campaigners should tend to take the ideal view of higher education since this plainly requires that universities and polytechnics as a whole should be exempt from any economies. But Ministers who have to decide how much the country can afford to spend on education and the taxpayers who have to supply the money are right to proceed from the view that higher education consists of a variety of activities which do not necessarily justify their keep.

Higher education is clearly not the same regardless of country. For example, whereas most Continental countries develop their professional engineers in separate specialist institutions, the UK treats engineering as just one of several areas of study to be taught and compete for resources in the same institutions.

Such national differences may explain why, when the world's developed countries are taken as a whole, no significant link has been found between economic growth rates and overall investment in higher education as measured by the proportion of citizens of appropriate age who are studying at advanced level.

No one can be certain how far teaching supplied by universities and polytechnics is beneficial. There is no reliable measure of the relative quality or usefulness of people completing degrees. Because of this lack the University Grants Committee has had to rely for its sole objective criterion of universities' teaching skill on the grades students beginning each course had previously gained in the 18-plus examinations. This the committee viewed as an indication of the courses' relative reputation among academically able schoolchildren.

The fact that people with degrees are generally more employable than those without them may be taken to suggest graduates' greater usefulness. But this does not necessarily mean that, where non-technical work is concerned, employers think graduates are positively made more useful by virtue of their higher course. Many recruiters for large organisations admit that they would still prefer to engage livelier young people straight from school. They can no longer do so, however, because the expansion of higher education has led most such youngsters to go on to take a degree.

Employability

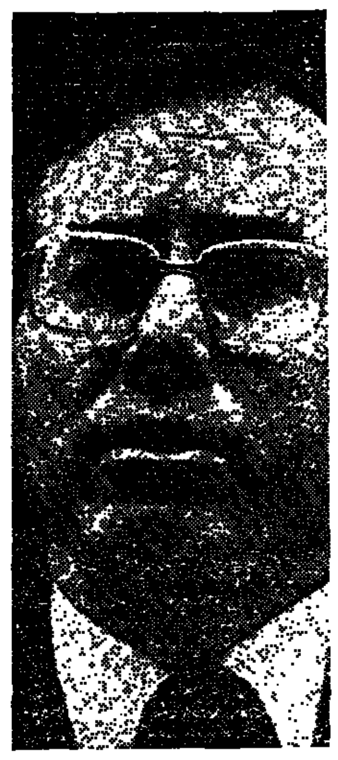
Given such basic uncertainties about the value of higher education the Government is justified in requiring universities and polytechnics to bear their share of necessary economies in public spending. But Ministers are not justified in leaving education to be pruned without taking the fundamental policy decisions which alone can ensure a sensible reshaping.

For example, the University Grants Committee may rightly see the purpose of UK universities as academic excellence of teaching and research. The Government is devising a way of centrally controlling the polytechnics (although those in England only) on the possibly correct assumption that the polys should concentrate on activities linked to employment. But the question of priorities apparently remains unasked. It is whether the nation can best be served by having about 220,000 students in polytechnics emphasising employability at a cost of some £600m a year, and 300,000 students in universities specialising in academic training at a cost of perhaps twice as much.

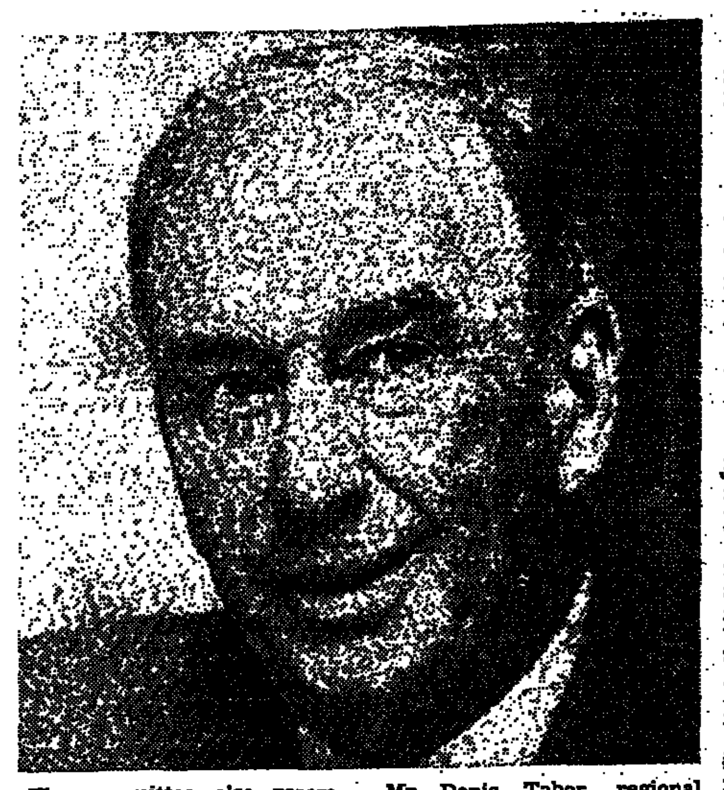
AUSTRALIA'S FINANCIAL SYSTEM

The report that won't go away

By Colin Chapman in Sydney



Half a century of rigid financial controls could end if the Australian Government implements the controversial report on the Australian financial system prepared by Mr Keith Campbell (right). But Treasurer Mr John Howard (left) faces powerful opposition to the proposals both in Parliament and outside and it may still be some time before the world's banks get the access to the Australian market they want



BETWEEN now and Christmas, Australia's financial community will be dominated by discussion of the far-reaching Campbell report, published in Canberra yesterday.

If implemented, the report would mean major changes for Australia's staid and highly-regulated financial system. It would open the way "immediately but carefully" for foreign banks to compete head-on with Australian banks. It would mean the dismantling of exchange controls. And it would mean a new way of fixing the value of the Australian dollar.

The proposals are radical, and would change the face of Australia's financial community if implemented. They face major political hurdles.

However, if the country is going to undertake the enormous development projects planned in the natural resources sector over the next decade, it is going to have to open itself to the international financial system. Otherwise the strains of maintaining the present system of rigid controls over foreign exchange and money markets may well become intolerable.

Australia's banking community has been expecting these developments for some time and this year a flurry of mergers has forged two banking groups ready—and willing—to compete with international banks who want access to the lucrative Australian market where so many of the world's most promising natural resource projects are located.

Yet if the financial community was excited by the 510,000-word report, its joy may prove short-lived. Introducing the report in Parliament, Mr John Howard, the Treasurer, and the man who set up a six-man committee to produce the report two years ago, was unusually sombre.

The Government would establish a special task force, he said, to decide the next stage. But he went on: "It is inevitable that the committee has made some recommendations which raise social and political sensitivities.

"In considering the report, the Government must of necessity not only address itself to considerations of economic efficiency, but also to social and political issues which are of enormous importance to many people in their everday activity."

There are many who believe that this statement effectively commits the Campbell Report, and particularly its urging of a total abolition of interest rate controls, to the dusty obscurity shared by so many major Australian committees of the past.

For a government faced with a hostile Senate which is already obstructing last August's budget imposing new sales taxes, the temptation to ignore the report is great. Prime Minister Malcolm Fraser's partner in the Liberal-Country Party coalition, Mr Doug Anthony, is implacably opposed to proposals which would end the wide assortment of financial privileges enjoyed by the rural sector.

The opposition Labour Party, as well as the Democrats, who hold the balance of power in the Senate, are already making major political capital over a study incorporated in the Campbell Report which says deregulation of housing interest rates will push up mortgage interest by as much as 3½ per cent, even though the committee disagree with that view.

The powerful trade union movement is also stirring itself for a campaign of attrition—opposing not only deregulation but the proposed entry of foreign banks into the market place.

Last night the committee's chairman, Mr Keith Campbell, chief executive of the Hooker Corporation who has worked an 80 to 100-hour week for the past 18 months, said defiantly that the Government should muster the political courage necessary to push through his proposals. "The alternative is to do nothing and live with an inefficient system," he said.

Although domestically the most controversial of the proposals is the one urging total deregulation of interest rates, at least as much interest has been generated in the banking community by the recommendation that Australia should open the doors immediately, but carefully, to foreign banks and dismantle exchange controls.

The proposed admission of foreign banks goes far beyond what the Treasury believes is desirable. Rather than suggesting that licences should be restricted to only a small number of banks—and that freedom to operate should be limited to certain functions—the committee recommended what it called a policy of carefully managed entry.

Contrary to most expectations, the committee said the Government should not impose local equity participation requirements on foreign entrants, although it did suggest the authorities might look more favourably on those foreign banks which have plans to encourage a local shareholding.

On being granted licences, foreign banks should be able to compete with Australian banks free from any encumbrances not placed on local groups. The two existing foreign banks, the Bank Nationale de Paris and the Bank of New Zealand should, says the report, have the option of restructuring their Australian operations to be in line with new entrants.

The committee also recommend that foreign banks not wanting full licences should be able to establish agencies in Australia which would be restricted to an "offshore" lending role, with no authority to borrow on Australian markets or undertake foreign exchange business.

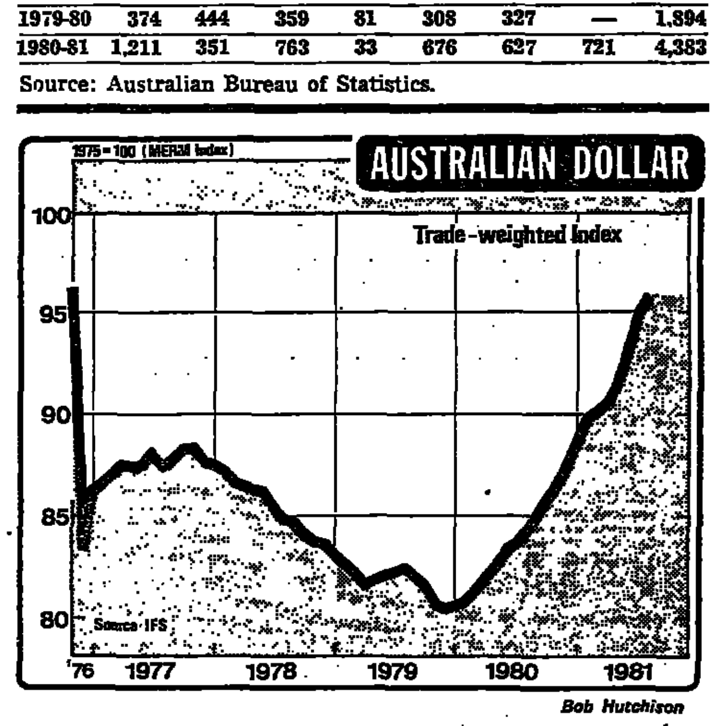
Predictably foreign bankers were delighted. Mr Frank Catterson, chief executive of Citycorp Australia, whose affiliate Citybank is one of the prime candidates for the first licence, said: "In every place that I have worked around the world it makes commercial sense to have such competition."

FOREIGN INVESTMENT INFLOWS

Figures in A$m of investment in enterprises in Australia by Country: excluding undistributed income

	UK	Other EEC countries	U.S.	Canada	Japan	Other non-EEC Countries	Unallocated	Total
1978-79	311	88	554	−6	267	24	—	1,238
1979-80	374	444	359	81	308	327	—	1,894
1980-81	1,211	351	763	33	676	627	721	4,383

Source: Australian Bureau of Statistics.



Bob Hutchison

Mr Denis Tabor, regional general manager of Barclays Bank International, commented: "After all, we have survived it in England without it doing us any harm. It should do none here."

Since the war the Australian Government has effectively prevented foreigners from setting up new banking businesses in Australia. Perhaps because of the consequent lack of competition, the big Australian trading banks have been criticised for their slow response to changes in market conditions. This has called into question their ability to play a leading role in financing Australia's enormous natural resources. Foreign banks have played a key role in most of the major development projects.

The Australian banks have not demurred at the prospect of new competition, partly because they themselves have undergone such dramatic surgery to assure themselves a continuing role. The wave of mergers has seen the Melbourne-based Commercial Bank of Australia become hitched to the Bank of New South Wales, while the National Bank linked up with the Commercial Banking Company of Sydney.

The mergers represented two of the biggest corporate marriages in Australian history. The effect of them has been to put Australian banks in better shape to face up to competition, and to participate more vigorously in world resource projects, a good many of which are located in Australia, and which are one of the major profit spinners in international banking.

The bankers are also enthusiastic about the proposal to change the way the parity rate for the Australian dollar is fixed.

At present it is set by four public servants and both the Treasury and the Reserve Bank are expected to resist the Campbell proposal that t[he] exchange rate should hen[ce]forth be determined in t[he] market with the authorit[ies] occasionally intervening [for] short periods if they deem [it] necessary.

Recent handling of [the] Australian dollar has dra[wn] considerable criticism fr[om] both primary producers a[nd] mining houses, and the Fede[ral] Government is likely to [come] under as much pressure [to] accept the Campbell reco[m]mendations as to preserve t[he] status quo.

The report also advises t[hat] exchange control should be d[is]mantled, even to the point [of] lifting the restriction on [the] listing of foreign corporati[ons] on Australian stock exchang[es].

By far the most import[ant] recommendation domesticall[y] and that most likely to come [to] grief—is the one which arg[ues] there were no sound reasons [to] support the continuation [of] government controls on ei[ther] deposit or lending inter[est] rates.

"Apart from being relativ[ely] ineffective as a monetary pol[icy] instrument, interest rate c[on]trols on financial intermedia[ries] have a number of undesira[ble] by-product effects which red[uce] the efficiency of the finan[cial] system," the report said.

This is the centrepiece of [the] report—the freeing of hal[f a] century of rigidities—but [it] seems most probable, in [the] light of the unenthusia[stic] response of Mr Howard, [the] Treasurer, that the rural sec[tor,] home loans, and other sensi[tive] areas will escape with mos[t of] their privileges intact. Not[hing] will be decided until Febru[ary] when Parliament assem[bles].

What is not generally real[ised] outside Australia is that [the] initial derugulatory fervou[r of] the Fraser Government [has] dulled considerable since 1[...] and it is now pre-occupied with Reagonomics and enterprise zeal and more political survival.

The key point is that [the] Government feels compelle[d to] offset potential rises in h[ome] loan rates and dearer cost[s for] the rural sector, brought a[bout] by the higher interest r[ates] likely to accompany the ab[olition] of controls, by tax concessi[ons] such as allowing mort[gage] interest as a tax deductio[n].

This would cost at [least] A$1bn to implement effect[ively] and put at risk plans to [make] substantial income tax cut[s] a carrot for the next elec[tion].

Between now and Febr[uary] Mr Fraser and his team [will] atempt to steer a course w[hich] is politically acceptable to [the] fractious members of the r[uling] coalition—and the largely [hos]tile Senate—while not t[o be] flying in the face of the Gov[ern]ment's previously decl[ared] policy of supporting a m[arket] economy.

Those who watched [Mr] Howard perform to an un[easy] and unenthusiastic House [of] Representatives yesterday [felt] that the Treasurer himself [may] well be wishing he had[n't] opened such a Pandora's [box] by commissioning the Camp[bell] inquiry in the first place.

Men & Matters

The BBC's network

When it comes to appointing a new director-general for the BBC, Auntie behaves in mysterious ways. In theory applications for the post as £40,000 a year successor to Sir Ian Trethowan should all have arrived by last night. In practice, when the Corporation's cherubic chairman George Howard, comes to make a short list for presentation to the Governors he will have other sources of supply.

To find their way on to this magic list contenders can apply, be nominated, or be suggested—in other words you can write in, get someone else to write in, or have your name dropped in suitable dining circles.

This system of doing things was perfected by the rival Independent Broadcasting Authority when it was seeking suitable contenders for senior Fourth Channel appointments. It may not be surprising, therefore, that in trawling for ways of finding top people the Beeb has also managed to scoop up some actual bodies as well from the corridors of the IBA's glossy Knightsbridge eyrie.

High on its shopping list are the two heads of IBA divisions, Colin Shaw, who runs the television side of the Authority, and John Thompson, king of independent radio. Both are the right age (early fifties) and both are highly regarded. Shaw, according to my Knightsbridge moles, was less than keen — he might, after all be seen as heir-apparent to Sir Briain Young, director-general of the IBA itself, who also retires next year.

The youthful looking Thompson, however, one-time New York correspondent for the Daily Express, and now eager to prove his worth elsewhere, may well be on the list of runners.

This would be an upset for the half-dozen in-house names which figure in the Beeb's own in-house betting, with Alastair Milne, head of BBC-TV and Brian Wenham, who runs BBC 2, getting the shortest odds. To get the job Thompson would need to do some philosophical somersaults, notably about the expansion of the BBC's own local radio services, currently the subject of IBA scorn but dear to the BBC's heart.

Thompson would fit well into the current BBC mould, being an organiser and committee room man rather than a front-of-house operator. Howard himself, with his colourful Kaftans and hail-fellow airs, does the showmanship bit quite well enough for both positions.

It is up to Howard to choose his favoured ones and then for the Governors to pick. My 'phone turned hot when I inquired as to the Government's role in all this. "It is none," came a hiss "of their business."

In camera

While the BBC carries out its top-level screening here, spare a thought for Zambian Television which has run into rather different problems. It has only three reels of unused film left and cannot afford any more until the end of January.

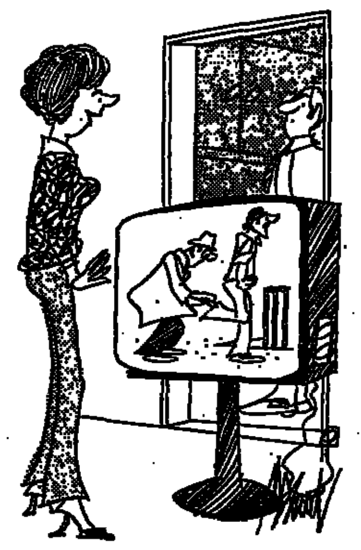
The Zambia News Agency, ZANA, reported yesterday that until the new Government budget is released,t he elevision service will restrict its film coverage to presidential functions.

A senior official of the Information and Broadcasting Ministry has asked Government and ruling party leaders not to feel offended it their presence at other events goes unrecorded. That, I think, may persuade them to find some extra cash a bit sooner.

Day is done

William Press, the construction group, announced recently that it had made a £3.5m provision against losses on a £53m contract in Cairo. The setback seems to have had a subconscious effect on the choice of verse with which Press marks its sponsorship of the arts in the Covent Garden programme.

With omission repaired in brackets, it reads: "And the night shall be filled with music, And the cares that infest the day, Shall fold their tents (like the Arabs) And as silently steal away."



"I think Lillee is coming on—the umpire is examining his studs!"

Shop talk

To the Savoy yesterday to discover the secret of success—Lord Sieff of Marks and Spencer was there to present this year's Business Enterprise Award to Sir John Sainsbury of that ilk.

The two High Street business leaders were agreed that the most important element for any successful free enterprise operation was good industrial, or human, relations.

All paid lip service to it, but many did not practise it, said Lord Sieff. "It is essential that those who lead, visit the factory and the shop floor."

Top management had to ask constantly whether staff conditions were good enough; had to ensure employees knew what was going on; shared the problems in the bad times and the profits in the good years.

"If you are going to make a mistake. . . . ensure that you err on the side of generosity," Lord Sieff advised. Companies with that approach reaped the rewards. "That is why you never hear of strife at GEC or United Biscuits compared with the troubles at BL."

Sir John Sainsbury, accepting the award sponsored by the Institute of Directors, echoed Lord Sieff's sentiments. "If corporatly we deserve an accolade for enterprise, so do all who work in Sainsbury's," he said. Everyone who worked in the stores for two years could join its profit-sharing scheme. "I share the conviction that not only must every customer be respected and given considration, so too must every single member of staff."

Scepter'd isle

All that Royal news — the engagement, the wedding, the baby—issuing from Britain this year seems to be giving some people abroad a distorted view of life in these islands. Friends arriving in Tangier for a holiday were asked to fill in an official form giving their name and "Palace of birth."

In a nutshell

Air New Zealand has been asked if it can ship 80,000 snails of 80 different varieties to Waikato University in Hamilton. An escargo flight, I assume.

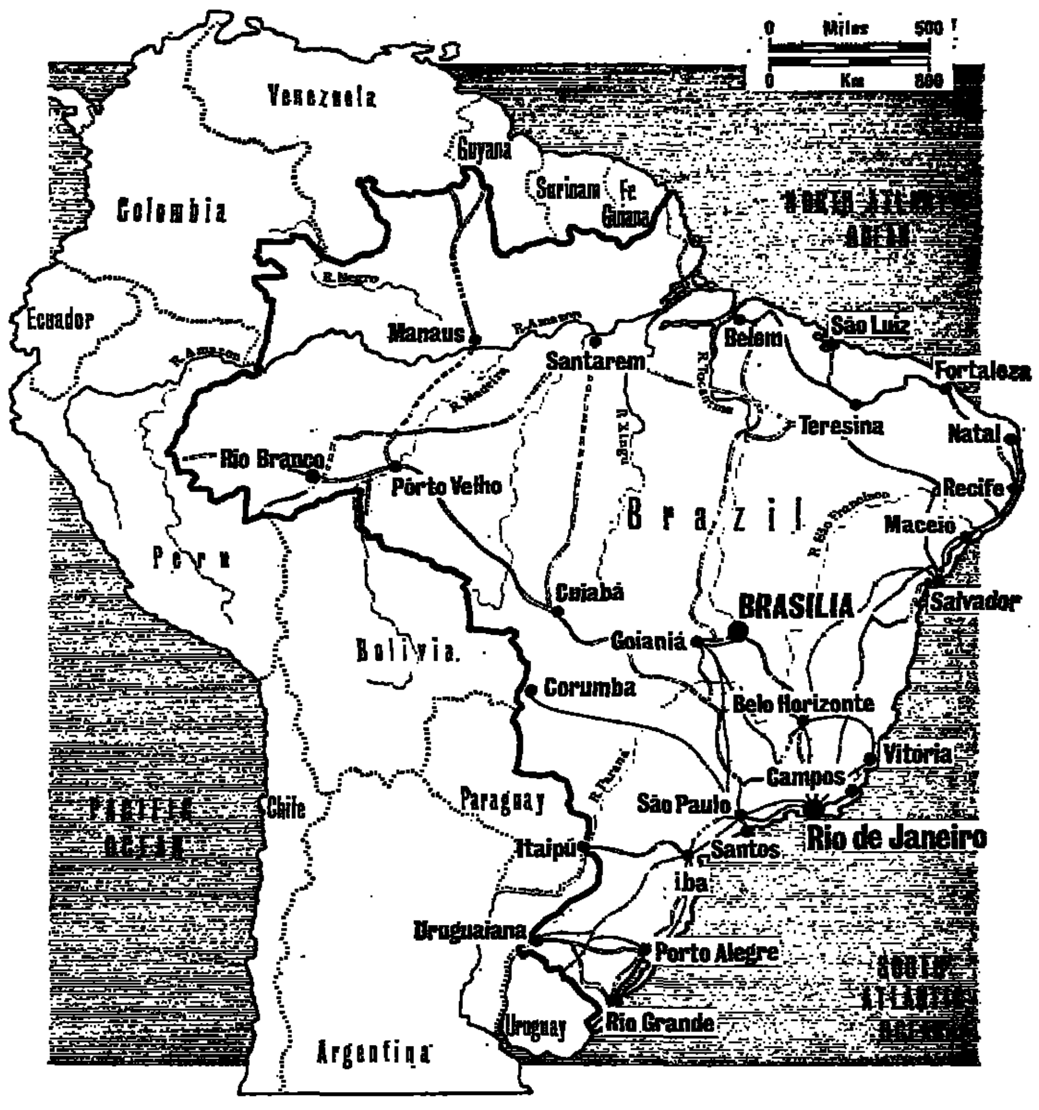
Observer

FINANCIAL TIMES SURVEY

Wednesday November 18 1981

BRAZIL

Brazil has confounded its critics by emerging from a difficult year in fair economic shape, but at the cost of rising unemployment. It remains to be seen whether the military regime will ease its grip on government. Much will depend on how the economy performs in the three years before the next Presidential election.



ice the untry iy t win

ndrew Whitley
Correspondent

HAS emerged from as always bound to be a year in reasonably good In so doing it has suc- y confounded those rom Right and Left who would have no other n 1981 than to go to the lional Monetary Fund lassive hand-out or else e debt repayments and e country in on itself.

ss has come on the l economic front despite overnment officials refer e "interest rate shock," after the two "oil price ' of the past decade. world interest rates some $3bn to Brazil's borrowing requirement ar, helping lift the end- tal of medium and long- bt to about $63.5bn. By ahead with its chosen the Government of Gen. igueiredo has committed o a race it cannot be of winning—to force to grow faster than the servicing requirement while simultaneously holding down the growth of imports.

Achievements have been made in six major areas: a reduction in the rate of inflation; greater control of the money supply; an increase in exports by 18 per cent in the face of worsening international terms of trade; the reduction of oil imports by nearly a quarter; the maintenance of a viable and predictable foreign exchange rate; and the ensuring of the required inflow of foreign funds without a further run-down of reserves.

Against these gains must be set the fact that industrial output has plummeted, inflation has risen to over 120 per cent before responding to the monetary lever, and gross indebtedness is up by a record $10bn in one year. Brazil may have gained time in order to bring on stream its major investments in energy and minerals, in particular the Carajas storehouse of metals in the Amazon. But the critics can still argue that the Government is only storing up further problems for itself by leaving this major country of 120m people swinging on the hook of world interest rates.

Next year interest payments alone are likely to be nearly $11bn, leaving little room for improvement in the economists' usual criteria for a country's international standing—the ratio of debt servicing to exports or else of net debt to exports. Transition at a time of world recession has only deepened the planned domestic recession beyond what the Government would like to have seen. For the first time in its modern history Brazil is likely to have no real growth in its Gross Domestic Product this year. After a decade of annual increases around 10 per cent, the rate will probably be only 2 per cent this year.

The social price has been high, notably in the big cities where manufacturers responded to the fall in demand with mass lay-offs. Sao Paulo, the driving force of the economy's modern sector, has inevitably borne the brunt. Urban unemployment of around 10 per cent, by the rough and ready official count, may not seem so bad in comparison with Britain or indeed many other parts of Latin America. But when combined with inflation in triple figures and the absence of social security the mixture could have been explosive.

Lucky

As it turned out, the generals who have determined Brazil's destiny since 1964 were lucky. They got away with only relatively minor disturbances in the north and north-east, always the most volatile parts of the country. Even those, though, sent a frission of nervousness throughout the establishment, with loud declarations that *abertura*—the political opening-up designed to restore full democracy—was in danger.

Challenges from the independent trade unions proved a damp squib as attempts to repeat the big strikes of early 1980 in the vehicle industry proved abject failures. At the same time the holding in August of the first ever national congress of trade unionists was a signal that the old system of centrally imposed syndicalism was surely but steadily breaking down.

In the countryside land conflicts—a problem as old as the country itself—have revived (or at least are getting more attention from an unshackled Press). These have afflicted regions as different as the frontier parts of the Amazon, the prosperous agricultural state of Rio Grande do Sul and the fringes of the greater Sao Paulo conurbation. In an act of appeasement a recent proposal would give land rights to squatters in five years instead of the present 10. It is a bone thrown in the direction of agrarian reform, likely to be one of the most important issues of the next decade.

Another sign of strain has been the deterioration in relations between the regime and the Church, the most powerful and best organised in Latin America. Through its estimated 70,000 "base communities" the Brazilian Church, led by its dominant progressive wing, presents the biggest check on the power of the military and local officialdom in the countryside. While taking care not to provoke the hardliners in the armed forces and intelligence services too far, the Church has served notice that it intends to play an active role in next year's important national elections. Next November elections are to be held to local offices, the state and national legislatures and the key posts of state governors. For the governors it will be the first direct election since 1965, while the legislative elections will see the participation of a genuine spectrum of political parties for the first time since the military took over.

The real significance of the polls, however, is that they will pave the way for the election of a successor to President Figueiredo in 1984, to take over for a six-year term the following March. According to the present rules he will be chosen by an electoral college.

Preparations for the elections are already becoming an increasing preoccupation as *individuals jockey for position* in advance of the starting pistol. But until all the ground rules are established, sometime next year, it will remain a phoney war of largely academic interest. More significant is the way lack of interest in politics of any sort dwindles as one moves down the social scale. A recent opinion poll showed that 72 per cent of Brazilians in the bottom two social groups had never heard of *"abertura"*—for all of President Figueiredo's vocal championing of the cause at public meetings around the land.

Heart attack

Those public meetings and rallies were brought to an abrupt halt in September when the chain-smoking 63-year-old general suffered a moderate heart attack. To all-round relief the military behaved itself and allowed the prescribed constitutional course of action to take place. It meant the elevation of a civilian, Vice-President Aureliano Chaves, to national leadership for the first time since 1964.

Politically this was the most significant event in recent years, even though Sr Chaves' incumbency has been only temporary and his hold on the reins barely discernible at times. The beneficial effects of the experience for Brazilian democracy far outweighed the negative effects of a bungled Right-wing bomb attack, with deep army involvement, in Rio last April. The embarrassing reverberations of that incident rumbled on for many months but it was clear that the President was either unwilling or unable to bring his recalcitrant Right-wing publicly to heel.

For those looking for indicators that the country was on the right course, distinguished by calm and "normality," the way the regime's long-time *eminence grise*, General Colbery de Couta e Silva, was smoothly replaced by Sr Leitao de Abreu as the President's right-hand man was a good sign. Nevertheless the suddenness and unexplained nature of his demise showed to all that political infighting at the heart of the ruling clique is as deep as ever. It also indicated the ascendancy at the Planalto, Brasilia's presidential palace, of a more hard-line faction likely to proceed slowly and more cautiously with the *"abertura"* strategy.

Whether the military will eventually be able to screw up their courage and allow Brazilians to go for a national political figure in 1984 who could unite all forces and respond to the long overdue need for structural reforms, or whether they will once again play safe and insist on one of their own number taking over, is still very much an open question. At the moment no such figure is in sight. But that date is still a long way off and meanwhile much will depend on how the domestic economy responds to the changes underway.

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Editorial production: Peter Thompson

Hugh O'Shaughnessy, Latin America Correspondent, looks at the country's economy

Government puts its money on the future

THE GOVERNMENT of Brazil, sensing that the economic model that it espoused at the time of the miliary coup d'etat of 1964 was nearing the end of its usefulness, has placed its money—one might more correctly say the money of those foreigners who have lent the country a total of $63.5bn—on an enormous gamble for the future.

The motive power of the economy is henceforward to cease being the pampered and cosseted industrial sector and start being the agricultural sector. Given the size of the waves which are buffeting the economy there must be some doubt whether the change in motive power will be a successful operation and whether the new motor will manage to keep the ship of state under and not swamped and waterlogged.

The "Brazilian model," as it was for a time rather sententiously known, is today ironically foundering under its own success. For more than a decade it was the strategy of the Government in Brasilia to suck in foreign funds to finance domestic industrial development.

The rationale behind the strategy was manifold. Many saw it as a way of binding Brazil so close to the financial centres of the West that there would never again be a suspicion—as there had been in the time of the last civilian government of President Joao Goulart—that the country could assume a leftist or even neutralist posture.

Others, including many military, rejoiced at the opportunity to develop with foreign money and imported capital goods the sinews of heavy industry, if not indeed the sinews of war. Others still felt that Brazil could carry out very little development based on its agricultural potential and that there was no alternative way forward which did not involve industrialisation.

Today there is industrialisation. The amount of value added by manufacturing in Brazil went from $11.9bn in 1960 to $57.4bn last year (both statistics being based on 1980 dollars).

No major economy in Latin America has been able to match that rate of growth in industry and today Brazilian industry is far stronger than the combined industry of its three nearest rivals, Mexico, Brazil and Venezuela.

It has been highly successful in finding the foreign resources to do such a feat. Exports of goods and services over the same period went from $3.2bn to some $20bn and this year's exports could well exceed last year's figure by a large margin.

The foreign borrowing which today is about $60bn could, according to Professor Antonio Delfim Neto, the chief architect of the strategy, next year reach $75bn.

The burden of such an effort is however proving too great for Brazil. The cost of servicing the foreign debt combined with the much inflated prices that are having to be paid for the 80 per cent of the country's oil that has to be imported is bidding fair to absorb the total sum raised by exports.

At the same time, foreign bankers are becoming progressively more difficult to convince to lend to Brazil. Despite much liquidity on the international money markets, individual banks are in many cases close to the ceiling of their planned exposure in Brazil.

The Brazilian monetary authorities are having to move farther and farther afield to secure new lenders. In the Middle East they have had a growing success, it must be added.

Nevertheless, and despite the official arguments that the foreign debt is growing only in line with the economy's ability to pay, the country is clearly coming close to the limit of what it can confidently expect to borrow in the immediate future.

Political imperatives at the same time dictate that the economy cannot continue to vegetate at a level of close to zero growth that is the case today. With an annual population increase of 2.6 per cent there are millions of new jobs to be found every year for a population which has already topped 120m.

Thus the Government has been obliged to lighten the emphasis on industrialisation and increase that given to agriculture. Agriculture for instance, promises to supply new jobs at a much lower capital cost than industry. The agricultural sector in Brazil, where millions of virgin acres could be put under the plough or otherwise husbanded, contains a great deal of

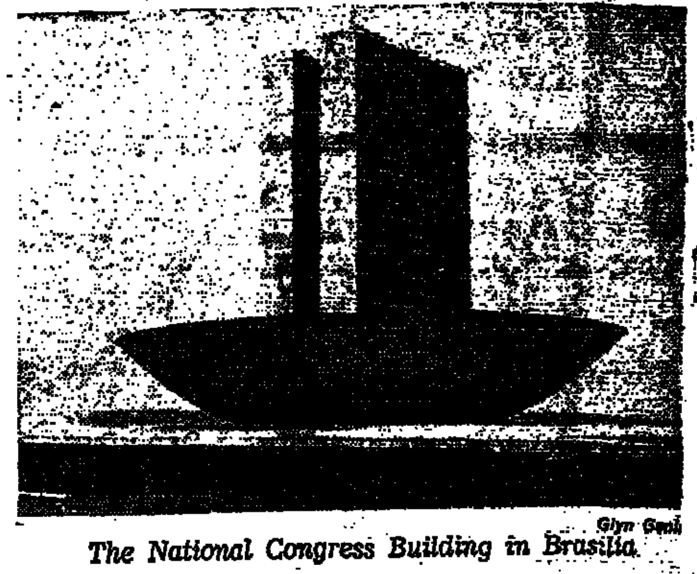
It is therefore hoped that dollars will need to be borrowed for increased employment opportunities. Additionally some Brazilians sense that in present climate of world economic depression, barriers to trade are creeping upward in many countries, the capacity to produce food may be a more valuable attribute than a strong industrial base. They are noting how the industrial bases of much richer countries than their own are often being swiftly eroded.

The theoretical arguments for a switch from industry to agriculture are then strong and well rehearsed.

There are, however, clearly dangers in changing strategy. The weather has often in the past demonstrated with the coffee crop how it can upset all the plans of the agronomists, for instance.

The full development of the agricultural export potential will require a great improvement of transport

While there are risks in the new strategy that Brazil is working out, it is evident that the Government has little alternative to taking them.



Glyn Genin

The National Congress Building in Brasilia.

BASIC STATISTICS

Area	8.512m sq km
Population	123.03m
GDP (1979)	Cr 5,782.1bn
Per capita	Cr 48,752
Trade (1980)	
Imports	$25bn
Exports	$20.1bn
Trade with UK	
Imports from UK	£218.1[illegible]
Exports to UK	£296.4[illegible]
Inflation (July 1981)	108.5[illegible]
Foreign exchange reserves (August 1981)	$4.7[illegible]
Currency	218.72 cruzeiros=[illegible]

A sensible political decision and an admission of failure

"THE RIGHT has no utopia any longer—no clear vision of the future," says Elio Gaspari, editor of Brazil's leading weekly, Veja.

When the military authorities seized power from the squabbling, often hysterical politicians of the early 1960s, it had a clear idea of where it was going and what form of government and society it wanted to see for Brazil.

Fifteen years and five president-generals later, in 1979, the decision was taken to relax the controls on political activity, allow the exiles to return and permit the old parties to start up again.

From a pragmatic point of view the decision made sense: shift the burden of public grouses onto the professional articulators of the man in the street's opinion. From an ideological standpoint it was an admission of failure.

The sterile two-party system of the previous decade—with one called Arena being the Government's men and one called MDB, the Movimento Democratico Brasileiro, playing at being the loyal opposition—was a farce apparent to all.

Nonetheless, to preserve the constitutional clothing they had donned the generals needed to persist with working through the legislature. Hence the appearance of the PDS, the Partido Democratico Social, in January, 1980, as the successor to Arena.

Majority

Today, the PDS has an absolute majority in both the Chamber of Deputies and the Senate, the Upper House and controls most of the major states through governors placed there by the Planalto, the Presidential Palace in Brasilia.

The MDB, to the consternation of General Golbery, the great architect of the political transformation, did not want to change its name.

It apparently took some persuasion to convince this disparate group of politicians of all colours that the old label would be a liability in the brave new democratic dawn. But, in the end, it grudgingly agreed to put "Partido" before its name.

The anecdote is unfair to those men of conviction who felt that they had to try and work through the system during those long dark years, to restore the historical power and prerogatives of the Congress.

Brazilian democracy and party politics has an honourable record going back to the middle of the last century. But it does illustrate the current obsession with labels and insignia, to the virtual exclusion of policies or debate on national issues.

After nearly two years of public mud-slinging between Ivete Vargas, the niece of the great president of the 1920s and war years, and Leonel Brizola, a radical populist and old campaigner, the supreme electoral tribunal has just decided definitively in favour of the former as the inheritor of the coveted letters, PTB, the Partido Trabalhista Brasileiro.

As a historic name from the past, many politicians clearly feel its association will give them an edge in next year's elections. On the other hand, when it looked for some months as if Ivete Vargas would be denied the right to register formally as a party, most of its notables deserted the apparently sinking ship and swam for whatever other vessel was in sight.

Among them was the charismatic former president of Brazil, Janio Quadros, making his come back 20 years after a spectacular resignation.

The opinion polls, for what they are worth, do not support the politicians' faith in the efficacy of their insignia. In March, 1980, two months after the reopening of the field, the PTB was supported by 22 per cent of those polled, nearly twice as much as the next party.

By this September, that figure had declined to 7 per cent, while the number of Brazilians who replied that they backed none of the horses in the running had tripled.

Politics in Brazil as much as ever remains rooted in personality and patronage, the keys to success. Awareness of this basic fact is the reason behind the extraordinary amount of floor-crossing and courtship of prominent figures to have gone on in recent months. Control of a good local party machine is as good a method of securing election to public office as it has frequently been in the U.S. and elsewhere.

Broad base

The PP, Partido Popular, in Rio de Janeiro State, the PDS in Bahia, Sao Paulo and many of the smaller, far flung states, the PDT of Brazola in his home state of Rio Grande do Sul, all demonstrate the point.

To prevent national politics cleaving automatically along state and regional lines — a likely possibility in a Federal system with strong local autonomy — electoral rules have been drawn up to ensure the existence of broad-based parties. To be allowed to register, a party has to show that it has 3 per cent of the vote in nine of Brazil's 22 states and 5 per cent of the total cast for the lower house.

The Communist parties, the pro-Moscow PCB and the pro-Peking PC Do B are banned on the grounds that parties organised on a class or religious basis, or else those with ties to foreign governments or individuals, cannot be formed.

Many Communists have returned over the past two years and some joined either the PMDB or else the PT, the Partido Dos Trabalhadores or Workers' Party, which has eclipsed its older rivals as the main vehicle for the Left in Brazil. Meanwhile, the PCB is campaigning hard to be legalised.

The PT is, in fact, the main exception to the rule that policies have little relevance to the norms of political life.

Born less than two years ago, it grew out of the independent trade union movement in the greater Sao Paulo industrial area.

Today, it claims the support of 212,000 members and recently held conventions in 16 states. Its authentic appeal to the urban working-class, and increasingly to rural workers, has given the PT and its leader, "Lula," a cachet which no other party can rival.

If the PT is growing from scratch and the PMDB is by general consent a ramshackle coalition with no ideological centre, the one party that could stand to do well next year is the middle of the ground PP.

Describing itself as left-of-centre Liberals with a social conscience, the PP is known to most Brazilians as the bankers' party. But it also has good nationalist credentials and would be a safe bet for a middle-class anxious not to rock the boat.

"If we are in a strong position (after the 1982 elections) it will soften the opposition among the military to the idea of a civilian president in 1984," says Sr Herbert Levy, one of the party's leaders.

He predicts a near-doubling in the party's strength in the Chamber of Deputies, following the elections. But while insisting that the PP is a "firm" opposition party there are many political observers who believe that it would be prepared to form a coalition government with the PDS if it could call the tune.

Always good at looking after their own interests, in recent weeks the deputies of the Lower House in Brasilia have shown new signs of life when their future appeared threatened.

On two major issues, the Government suffered unexpected setbacks when the House threw out its proposals.

The first would have exten[ded] the "Sublegenda" syst[em] whereby a party can put up [in] elections three candid[ates] simultaneously, to the electi[ons] for governors while the sec[ond] concerned a reduction in ret[ire]ment and other social wel[fare] payments. Both would h[ave] been electorally disastrous.

As matters stand at pres[ent] national elections are due t[o be] held in almost exactly a ye[ar's] time to municipal posts, s[tate] and national legislative bo[dies] and the governorships.

One nagging fear, though [is] that the Planalto will introd[uce] two rounds of voting, post[pon]ing those for Congress until next year.

Favourable

By first attempting to se[cure] control at the grass roots, [the] regime could hope to en[sure] a more favourable result [for] itself in the congressi[onal] elections.

The make up of the Fed[eral] and State legislatures will [be] of vital importance of the [com]position of the electoral [col]lege, expected to be c[alled] sometime in 1984 to choose [the] next President.

As presently composed, [the] PDS should have no diffi[culty] in ensuring a result of [the] generals' choosing. Un[for]tunately, the PDS is not [the] unified force they would li[ke it] to be, as its recent defeat [in] the Chamber demonstrated.

Between now and November, the regime has [to] put its electoral stra[tegy] back together again. It h[as a] number of cards it could play, such as the expansion [of] the size of the House or introduction of slate voting [or] voting by constituencies.

Above all, the parties [are] watching to see what access [they] will get to radio and tele[vision]. The latest indications a[re] the present rules wi[ll be] tightened rather than loose[ned] to permit equal access.

Andrew Whi[tley]

Jimmy Burns surveys the buoyant banking scene

oom coincides with deepest recession for 18 years

:IDE the poverty, dirt neralised chaos that pervade large parts l's major cities tower ristic structures of the Banking in Brazil is siness and at no time untry's history has this e case more than in ien the Government's y policies, aimed at g the balance of pay-eficit, led to a sharp in profits throughout r.

interest rates have improved operating of nearly all the banks. 1 the case of some of ger ones have been g spreads this year of per cent.

a performance has o be something of an ssment to Brazilian whose particular has coincided with st recession in Brazil ears, with the general other sectors of the being one of squeezed nd losses.

nsitivity of the Govern- this fact—which in onths has led to public of the banks by promi-sinessmen such as Sr digal Filho, the presi-Sao Paulo's industrial n — had led to the on of a 5 per cent e on banks' banking nd a reduction in the es for bad debt from 3½ to 1½ per cent. The s regarded as more g by the banks, as well "bad practice" on the the Government.

a funds

are not the only areas e Government has inter- the banking sector. r the banks have not tinued to be subject to r of monetary instru-posed by the state and t adjusting the system tion. They have also liged to place substan-tional funds either with tral Bank or into state-financing.

National Monetary which is responsible onetary, credit and e policy and is presided the Minister of Finance, eed that a minimum of ent of all sight deposits ed to cheap agricultural d 12 per cent to small dium-sized companies. increased the minimum to be allocated to agri-credit at low interest n 15 per cent to 25 per is is an addition to the nt that the banks have ide for loans to small dium-sized companies and the 35 per cent for the reserves of the central bank.

On the control side, there is little doubt that the Government, through the central bank, is taking its credit ceilings very seriously indeed and is leaving very little scope for loopholes.

A corset

As one Sao Paulo banker explained: "We have to submit a daily avearge of loans on a weekly basis, along with the position of our overall credit *on the last day of the month.* It's a corset." But apart from the occasional grumble bankers in Brazil convey an overriding sense of energy and self-confidence—and in 1981 they have been far from inactive.

One of the major linch-pins of the Brazilian financial system remains the Banco do Brasil, the state-controlled bank which acts as the financial agent for the Federal Government and the central bank. One of its main tasks this year has been to channel funds towards areas singled out by the Government for priority treatment. According to figures recently published by the central bank overall Banco do Brasil loans (including the public sector) increased by Cr 368.4bn, or 29.7 per cent, during the first eight months of 1981. Out of this total Cr 49.8bn went to the alcohol-based alternative energy programme, Cr 43.7bn to the agricultural sector and Cr 45.9bn towards the financing of exports of manufactured goods under the Finex scheme.

Central bank figures also reveal that the major source of funds utilised by the commercial banks during the same period to finance their asset operations were foreign loans obtained under the terms of Resolution 63. Under this Resolution Cr 450.6bn of foreign currency was raised by Banks established in Brazil but with a bank abroad, and on-passed to the local client.

The other major prop of the Brazilian financial system is still the dominance of the financial conglomerates in the private sector, with Bradesco the undisputed overlord in terms of domestic deposits. It is the Brazilian bank that is still the most consistently mentioned in banking circles and the one that boasts a major presence on almost every street corner of the major cities.

If most Brazilians agree, however, that their two main cities, Rio de Janeiro and Sao Paulo, are today to a large extent overbanked—a fact that partly explains the government's reluctance when it comes to admitting more foreign banks—the same cannot be said about Brazil's less developed regions. On a national basis Brazil has in fact only an estimated 10,000 bank branches for a population of 120m.

Brazilian bankers generally concede defeat when it comes to the "Agencias Pioneras" or pioneer branches. Although most of the financial conglomerates have established such banking outposts in areas like the Matto Grosso in the Amazon, it was Bradesco that got into the act first and which now has more "pioneers" than any of its rivals.

"We missed the train," says Sr Carlos de Sousa Toledo, a director at Banco Itau, the second major conglomerate and the third largest bank in Brazil in terms of deposits. Itau can claim only 85 "pioneras" against over 361 opened by Bradesco in recent years.

At a time when most of the major branches' outlays are represented by labour costs, the tiny pioneers, often run by only two or three people, are enough to satisfy local demand for credit. They are clearly one of Bradesco's major coups. The pioneers, moreover, are a foothold that can turn into a giant step once the Amazon region is fully developed.

The only doubt that surrounds the scheme is the extent to which the pioneers can maintain monetary discpline. As one banker admitted: "When you have an isolated spot thousands of miles away from head office it is difficult to keep this on monetary transactions let alone such obligations as credit ceilings."

Another interesting feature of the Brazilian banking system this year has been the growing mechanisation of branches. One of the leaders in this field is undoubtedly Banco Itau. Anyone with the slightest doubt about the power and sheer size of Brazil's conglomerates should pay a visit to Itau's technical operational centre, which was recently opened on a wide avenue leading out of Sao Paulo. The complex is built like a space centre, with access to it closely controlled by mechanised check points and gun-toting personnel in crisp uniforms. Nearly 11,000 people work in the centre processing data flowing in from Itau's 836 branches around the country.

Closely linked to the operation is one of Itau's most ambitious offshoots, Itautec, one of two Brazilian companies that has been given the green light by the Government to research and develop a micro-electronics industry. Most of the computers used by the centre are IBMs. But Itau hopes within the next two years to be producing its own, with the help of foreign technology and an initial investment of around $50m.

Itau already has on-line accounting services in 15 of its branches and hopes to have all its branches in Rio de Janeiro and Sao Paulo mechanised within the next eighteen months.

Expansion overseas is another area where Brazilian banks have become increasingly active. Opening up foreign branches has a number of advantages, including greater facility for funding under Resolution 63 and closer involvement in import/export finance. Leaders here are Banco do Brasil and the financial conglomerate Banco Real, which during the last decade has built up a foreign network of over 500 branches and representative offices.

As a rule Brazilian banks are tending to concentrate their business in the Third World, particularly Latin America and Africa with which they have close historical ties. To a growing extent they are also looking to Asia and the Middle East, with which Brazilian trade appears to be entering a new phase. One novel project being inaugurated is a joint venture bank between Banco do Brasil and Iraq, one of Brazil's major oil suppliers.

Reciprocal

Another recent development has been a reciprocal agreement with Spain by which three Spanish banks—Banco Central, Banco de Bilbao and Banco Exterior de Espana—are to set up branches in Brazil. Banco do Brasil, Banco Real and Banco Estado do Sao Paulo will in turn set up branches in Spain. Generally, Brazilian bankers feel unthreatened by the presence of foreign banks, believing that their system is strong enough to cope with the competition.

Greater debate in banking circles centres on the question of regionalisation. Here the financial conglomerates are troubled by Government attempts to give more support to regional banks, with the aim of halting over-concentration and reducing regional imbalances. The conglomerates describe this as a "political" move which is financially unnecessary since, they say, their local branches are as involved in regional development as any regional bank. An opposite view is often voiced in the regions themselves, however, where centralisation and a lack of financial autonomy is closely identified with the excessive presence of the big banks.

Alcohol cars run out of gas

ZIL this year, fewer are running on alco-fuel alcohol distilled ar cane, that is. The *which* last year drove t of 10 Brazilian car purchase 255,000 fuel ars seems, so to speak, run out of gas.

ember, sales of alcohol plummeted more than ent from the record last November. Today, 15 per cent of the cars ld in Brazil run on

esult, alcohol car pro-or the year will not ex-,000—well below the maximum set by the ent for 1981. With a t of 440,000 alcohol-ars, Brazil's dream of ne million all-alcohol on the road by 1982 just that.

months ago, Proalcool, 6bn alcohol production ne seemed assured of ccess. Part of the two-pronged effort to elf from 80 per cent ce on imported oil by g domestic production noting petroleum sub-the programme *has* in years spurred output ethanol to 4.3bn litres

rogramme, which con-the equivalent of arrels of petroleum a permit Brazil to save foreign exchange this c. The Government's goal is to replace 45 of petrol consumption r-based ethanol before then, Brazil hopes to cing 10.7bn litres of saving the country $3.2bn in foreign exchange, according to the Minister of Industry and Commerce Camilo Pena.

The unexpected plunge in alcohol car sales this year threw a wrench in the plans of manufacturers like Volkswagen, which had intended 80 per cent of its 1981 output to be ethanol vehicles. Instead, a two-month stock of unsold alcohol cars currently crowds manufacturers' yards, and in both Rio and Sao Paulo the gasoline-to-alcohol car-engine conversion industry is operating at just 20 per cent of capacity. Demand for ethanol dropped one-third last month and some of Brazil's 5,000 alcohol service stations have even stopped selling it.

This year's *sudden* drop in alcohol car sales is no more dramatic than the spectacular boom which started last year. The number of alcohol cars rolling off assembly lines at Ford, Fiat, Volkswagen and General Motors nearly quadrupled from January to August before more than doubling again to last November's 56,000-car high. "The alcohol car idea," said one Ford official, "caught on like *wildfire.*"

Set in motion by constant rises in petrol prices, which at 85 cents a litre already were among the world's highest, Brazil's alcohol car buying-spree was further fuelled in September of last year when the Gulf war cut off nearly half the country's foreign oil supply, and sparked fears of a petrol shortage.

Ironically, this year's abrupt downturn was set off by fears of a shortage too—this time of domestically produced alcohol. Public confidence in proalcool was shaken early in the year when Shigeaki Ueki, president of the state-owned oil company *Petrobras, warned that Brazil* could run out of alcohol if car sales continued at last year's feverish pace. Fears were fuelled by Brazil's drive to expand exports: last year the country exported 480m litres of sugar-cane alcohol, most of it to the U.S.

As one industry official observed: "Proalcool literally fell victim to its own marketing success."

Saving cut

Sales merely plummeted further when Government officials tried to regain public confidence by bringing alcohol supply into line with demand. They diminished the price differential between alcohol and gasoline—diminishing as well the major selling point of the alcohol car, its fuel economy. The price of alcohol went from 35 to nearly 65 per cent of the price of gasoline—which, because alcohol cars burn 20 per cent more fuel, meant a real saving for *alcohol car users of just 15 per* cent.

"The consumer first turned to the alcohol car because of its economy," explained an official at Anfavea, Brazil's national automobile industry association. "Suddenly the economic gain was gone. It isn't the performance of the alcohol car that's driving buyers away: it's the expense."

Both car manufacturers and the Government clearly want to raise the percentage of alcohol car sales in Brazil until they stabilise at what is today considered a healthy 30 per cent. Both are promoting the programme at every opportunity: a recent newspaper and magazine advertising campaign sponsored by Proalcool and ethanol producers assures consumers in bold red letters: "We have alcohol."

Ethanol car prices, which had been maintained above those of petrol vehicles to compensate for slightly higher manufacturing costs, have been cut since May when alcohol car sales plunged nearly 50 per cent. Likewise, financing periods for alcohol cars are on average one year longer than for their petrol counterparts.

With Brazil's 10.7bn litre production goal firmly in mind, *more sugar is being planted to make alcohol.* Brazil's cane output of some 120m tonnes a year currently produces 4.3bn litres of alcohol and 2.5m tonnes of sugar. Even if no further cane is used for sugar, to reach its goal Brazil will have to increase by 70 per cent the acreage it plants to sugar—no small task in a country which, with 2.7m hectares planted to cane, already is the world's largest sugar producer.

But among the architects of Brazil's ambitious alcohol programe, euphoria still reigns. The Minister of Industry and Commerce, Camilo Pema, calls Proalcool "a victorious and important programme for Brazilian energy equilibrium."

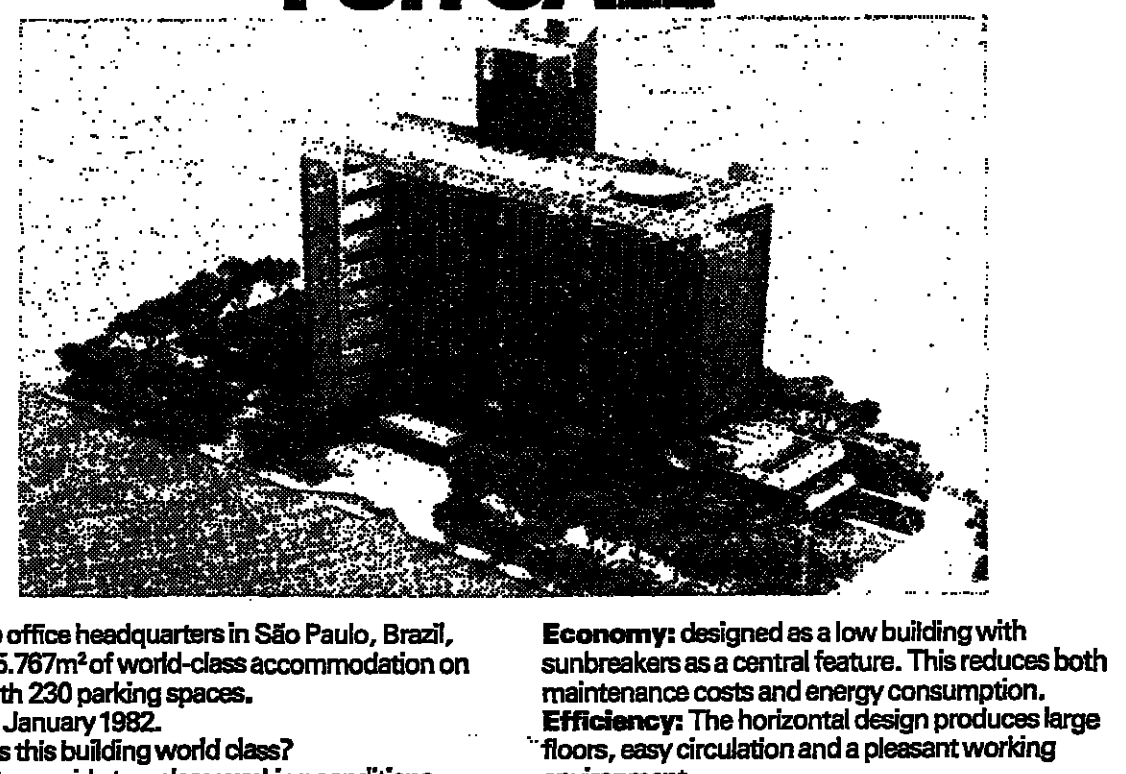
President Jose Luis Zillo of Copersucar, the sugar co-operative responsible for half of Brazil's current alcohol production, motions to a map to demonstrate that the 1.9m acres Brazil must still plant with sugar cane represents just 1 per cent *of the country's total area.*

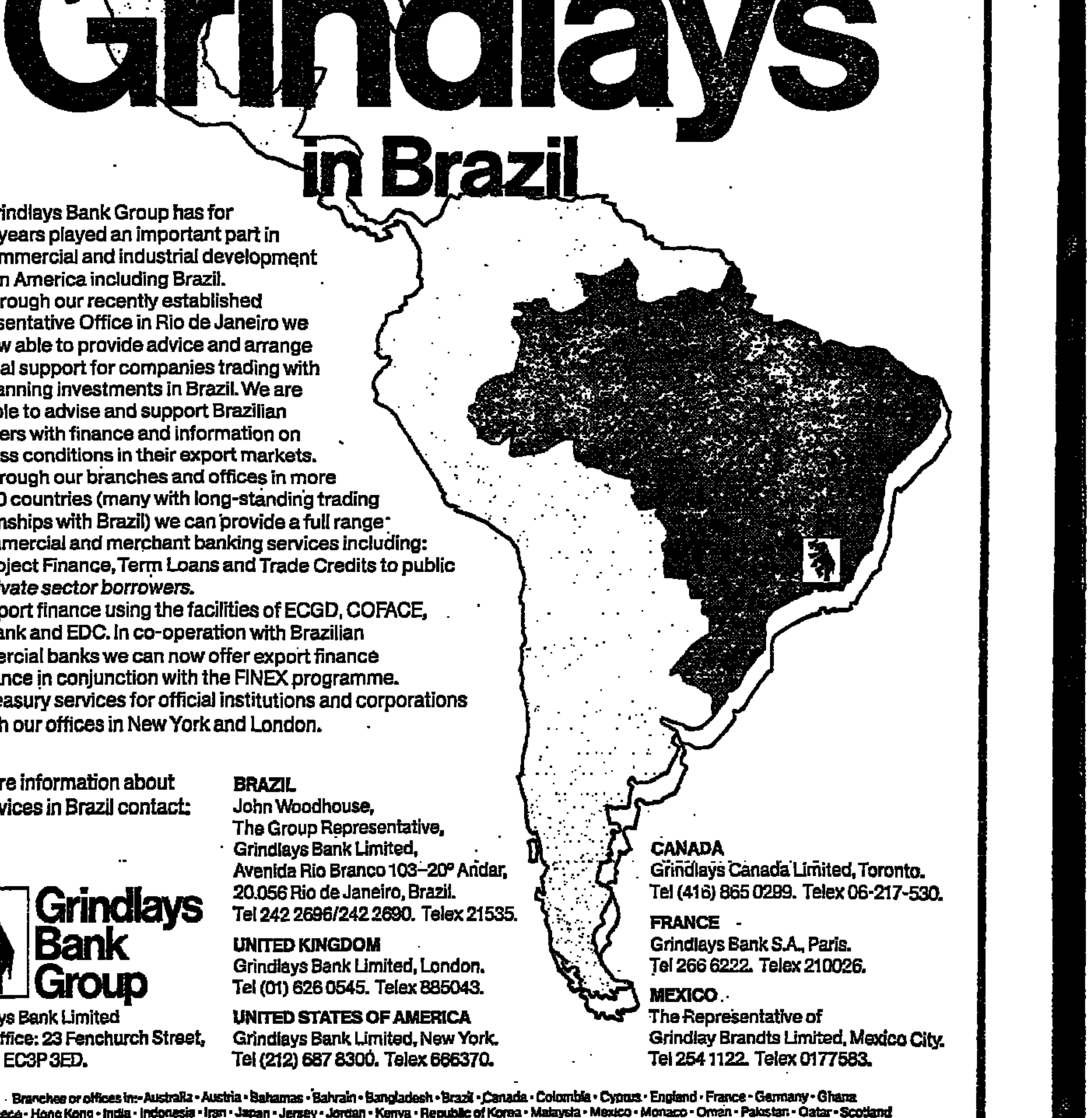
The National Alcohol Commission continues to plan new distilleries—and points out that the 386 which it has already approved since 1975 can provide 85 per cent of Brazil's 1986 production goal.

"Theoretically our goal is already achieved," Sr Zillo says. "When it is totally launched will depend on the availability of resources."

Money earmarked for Proalcool continues to flow from both government and outside sources. Determined not to stunt the programme's growth for lack of funds, government planners have already this year nearly tripled Proalcool's budget from $35m to $1bn as one Proalcool official said to demonstrate the programme's priority position in government circles: "Alcohol is an open account in the federal budget." Brazil even won World Bank approval for its alcohol scheme: it recently gained a $250m loan to increase ethanol output, the bank's first yet for alcohol production.

Mary Sedor





Natural resources and growth potential encourage feelings that the country will survive

Iron ore: set to lead the world

BRAZIL IS likely to take over from Australia as the world's leading exporter of iron ore. In July it became number two in the export of bauxite. The company responsible for most of this success over the years is Ci Vale do Rio Doce (CVRD), the state-owned giant of Brazil's minerals industry. Last year, CVRD and its associates contributed a total of nearly $1.5bn to the country's export earnings, with over half that figure coming from iron ore and pellets. But while CVRD remains the dominant force in the international trade in iron, its reliance on its traditional product is giving way increasingly to bauxite and aluminium. From being essentially a producer and exporter of raw material, the state company is also changing into a processor of minerals *and is in the vanguard of the* Government's efforts to unlock the mineral wealth of the Amazon.

Steady decline

Over the past three years, exports of iron ore and pellets by CVRD and its associates have shown a slow but steady decline, from 57.5m tonnes in 1979 to an expected figure of *53.3m this* year. Private Brazilian companies have taken up most of the slack.

In contrast, exports of bauxite from the Trombetas deposits on the northern bank of the Amazon have rocketed. Production in 1980, the first full year of operation, was near capacity, while foreign sales this year may well reach 3.4m tonnes.

The associated companies and subsidiaries handling the non-ferrous metals and the processing of iron ore are also making an increasingly important contribution to the parent's profits. At a time when world iron ore prices have declined significantly in real terms compared with three years ago, CVRD would be in difficulties by now if it were not for its non-traditional activities.

The company was established in 1942 to take over the nationalised iron interests of the British company St John Del Rey (SJDR) in Minas Gerais state, the old heartland of Brazilian minerals. It took over a then newly completed integrated operation, linking the mines in Minas Gerais to the coast at Vitoria through a purpose-built 550 km railway.

Since then, capacity of the four major mines and the railway has been considerably expanded and modernised and one of the world's largest sea terminals built at Tubarao, near Vitoria, to handle the exports.

Near the port pelletising plants have been set up with Italian, Spanish and Japanese companies so that iron pellets *for use* in direct-reduction steel plants now represent a growing proportion of sales.

The CVRD group today has four major areas of activity. Apart from iron, these are bauxite and aluminium, the Carajas project, and transport. A sideline running at a loss until last year is timber and pulp.

Its aluminium sector is presently based on the rich Trombetas deposits of bauxite, phase one being worked by a subsidiary, Mineracao Rio do Norte (MRN), in which CVRD has the largest stake. Other shareholders are Alcan with 19 per cent, the private Brazilian company Votarantim holding 10 per cent, and a number of other foreign interests.

Eventually, much of the ore will be taken by domestic alumina and aluminium plants now under construction in Para state, near the mouth of the Amazon, in association with Nalco of Japan. CVRD's own investment in these two plants, to produce 800,000 tonnes pa of alumina and 360,000 tonnes of aluminium comes to $1bn.

Carajas is the best prospect of all for CVRD and for the country. At the same time it is inevitably its heaviest responsibility. The state company's investment just in the iron ore project — one of an array of minerals in this East Amazon mountain range — is put at $2.8bn, to be financed by foreign loans.

The iron ore project, which CVRD is doing on its own, is due on stream in 1985. An initial 15m tonnes of high grade ore produced and exported in the first year is scheduled to climb to its planned peak of 35m tonnes by 1987.

Carajas will at a stroke add nearly 50 per cent to Brazil's installed iron ore production capacity. But over the years it will gradually replace the older, southern mines as their output falls away.

Unsurprisingly, securing advance sales contracts on the Carajas ore and promoting the mammoth project around the world so as to obtain the necessary foreign finance ($1.2bn is needed by early 1982) has been the main focus of CVRD's attention in recent months.

Tied up

According to Sr Jose Clovis Ditzel, the company's sales *director,* the banks' requirement that commitments be obtained for 25m tonnes a year before loans can be raised has now been tied up.

While it may have seemed a risky gamble to press ahead with such an undertaking at a time when world iron ore sales have been declining, and prices are by general consent too low for new deposits to be exploited by private concerns. CVRD is confident that conditions will have changed considerably by 1985.

Sr Ditzel, an important figure in the annual negotiations that set the going price for internationally traded iron, foresees a physical shortage of ore in the market around the time Carajas comes on stream, if not before.

His company is responsible for the building of the infrastructure to get Carajas' minerals to the coast—an 890 km railway and a new port at Sao *Luis—though* their cost will be borne by the state so as to avoid the drain on the company's own cash flow.

However, CVRD has also been charged by the Government with overall supervision of the other mineral prospects in Carajas which await firm proposals. In the case of the gold mines at nearby Serra Pelada this involved the company as policeman and purchasing agent on behalf of the Government when the ruction set up by thousands of freelance gold diggers began to get out of hand.

Fortunately the company, Brazil's fourth largest state enterprise in terms of sales, is in a relatively strong financial position to meet the challenge of the years ahead.

At the end of 1980 CVRD's outstanding long-term foreign debt amounted to $749m. Of this, current maturities made up $93.3m. Debt servicing last year was $174m, down 22 per cent on the previous year.

This has to be judged against total foreign sales in its own right last year of $854m, up from $672m in 1979. Much of the increase came from the coming on stream of Trombetas and hence the rate of revenue growth is unlikely to be maintained in 1981.

However, growth at Trombetas is to be pushed as hard as possible

Andrew Whitley

Optimism in a recession

BUSINESSMEN in Brazil are not quite like businessmen in Europe, something the visitor tells himself while trying to understand the persistent optimism of sectors of Brazilian business at a moment when the country is gripped by its worst recession in 18 years.

The feeling that the country can survive through thick and thin because of its natural resources and huge growth potential, whatever its debt problems, is epitomised by Sr Olavo Monteiro de Carvalho, the president of Monteiro Aranha.

"Look, this is a country of 120m people in which only 30m are economically active," he says, leaving little *doubt* that the Aranha Monteiro group sees itself in a powerful position to tap such potential.

The group is Brazil's largest minority shareholding investment company with a stake in 31 foreign and Brazilian companies, including Ericsson of Sweden and Volkswagen of West Germany. The group's interests extend to virtually every area of the economy and include money market operations, tourism, petrochemicals, shipping, real state, insurance, and production and marketing of Brazil's highly-successful locally-brewed champagne. They are also the local representatives of Airbus, Fokker, Hispano-Suiza, and Krupp Coppers.

Such an empire is a long *way on* from the small beginnings from which the Monteiro Aranha group sprung. The energetic publicity machinery that surrounds "Olavinho," as his friends know him, lays great emphasis on the fact that his grandfather, Alberto, was a selfmade man born into and bred by the frontier country that has helped Brazil to develop into the adrenalin-charged society it is today.

But the story, even as Carvalho himself tells it, is not quite rags to riches. His great grandfather was a politician, never a particularly poor profession in Brazil, and subsequent fortunes were made thanks to the considerable links which Alberto and an old student friend of his, Olavo Aranha, *developed with the European* financial community. From the moment the Monteiro Aranha partnership bought up a bankrupt glass factory, the group never looked back.

Olavo Monteiro was born 49 years ago and educated by Jesuits. "They taught me the importance of playing football, rather than anything about business," he says.

At the age of 18 he was sent to Germany where he did an apprentice course with Volkswagen, then was brought back to join the growing family business.

During Brazil's boom years in the 1960s and 1970s Monteiro made a lot of money and used it liberally. During a period of increasing censorship of the media, the gossip columns flourished with endless pictures of the young Olavo globetrotting betwe[en] the Rio Carnaval and ski[ing] in St Moritz. *He* earned [a] reputation as a playboy rath[er] than as an entrepreneur.

But it was a period too [of] growth for the econom[y] nowhere more so than in [the] motor industry, to which t[he] Monteiro Aranha group [be]came linked through a 20 [per] cent shareholding in Vol[ks]wagen Brazil.

Today, Monteiro is by [all] accounts a more subdued p[er]son, keen to put him[self] across as a responsible bu[si]nessman, carrying part of [the] burden of Brazil's future [on] his shoulders. As a "Carioc[a]" or someone who lives in R[io] he vehemently attacks [the] *notion* that it is Sao Pa[ulo] that works, Brasilia [that] makes the rules.

"The beaches, the Carna[val] and the football demonstr[ate] the Carioca's ease of co[m]munication but we work ju[st] just as much as in any ot[her] city," he says.

The times call for grea[ter] seriousness perhaps. I[ast] year the Monteiro Ara[nha] group sold half of its sh[are]holding in Volkswagen Br[azil] to Kuwait for $115m, m[ore] than five times the sha[re's] nominal value, in a deal t[hat] exposed the group's finan[cial] vulnerability for the f[irst] time.

Riding on the crest of [the] motor industry's boom w[hich] the group had allowed it to concentrate 80 per cen[t of] its total assets in its Vo[lks]wagen participation, a st[rait]jacket from which Carv[alho] first tried to free the gr[oup] through a deal with the S[hah] of Iran's government tow[ards] the end of the 1970s, [the] coming of Khomeini switc[hed] the attention to Kuwait.

Debt servicing

The main stimulus be[hind] the sale of the shares [was] the Monteiro Aranha gro[up's] need to service its obligations, which by [...] left it virtually unabl[e to] keep pace with the capital *injections* require[d by] Volkswagen for its in[vest]ment programme.

To add insult to injury, [the] outlook for the motor in[dus]try in Brazil began [to] deteriorate. Carvalho ad[mits] *that* on the eve of clinc[hing] the deal with the Kuw[aitis] "we found we could [not] afford *not* to be paid [divi]dends for the next two ye[ars]. In other words, in com[mon] with the rest of Brazil, [...] has suddenly shattered [the] illusion of an econ[omic] miracle.

But if the tale is a fam[iliar] one, the postscript is no[...] *characteristic of a cou[ntry]* that never seems stra[...] than once it has been do[wn]. The sale of its shares [in] Volkswagen has given Monteiro Aranha group a [new] lease of life. The $1[15m] which Kuwait paid for [...] has gone not only tow[ards] settling the group's debts [but] also into an ambi[tious] diversification plan.

Jimmy B[...]

Rik Turner profiles Senator Franco Montoro, who is expected to become governor of Sao Paulo state after next year's elections.

In search of an Opposition link

RENEGOTIATION of Brazil's US$60bn foreign debt, defence of national companies against multinationals, a constituent assembly in 1982-83 and the legalisation of the outlawed Brazilian Communist Party (PCB) are some of the more polemical aspects of the platform defended by Senator Franco Montoro, the firm favourite to become governor of *the state of Sao Paulo at the* elections in November 1982.

Senator Montoro represents the party for the Democratic Mobilisation of Brazil (PMDB), Brazil's largest Opposition party, and his election successes are impressive. In 1970 he was elected to the Senate representing Sao Paulo with 2m votes. He was elected again in 1978, this time with a massive 5m votes.

*The Senate is not the 65-year-*old lawyer's only governmental experience. In 1961, during Brazil's brief romance with the Parliamentary system, he was called by Prime Minister Sr Tacredo Neves to serve as Minister of Labour. "A post I occupied for one year until the Government was dissolved for elections," he recalls.

In those far-off days before *the* 1964 military takeover, Senator Montoro was a leading figure in the Christian Democrat Party, made extinct by the incoming generals together with all other parties after 1964. His ideology is still essentially that of the PDC, he explains. "Our ideology was one of anti-individualism and anti-statism, be it from left or right." With Brazil as the supreme example of the latter. "As such, we are echoed by the Pope's recent encyclical (Laborem Exercens), in which he condemns capitalist individualism and statism of either kind."

He feels his ideas are essentially different from those of European Christian Democrats, with the explanation for this in geography: "Over there, the major threat is Russia, hence the predominantly anti-Com*munist stance of Christian* Democrats in Europe. Here the adversary is capitalism, the multinationals." He explains his economic concerns: "We seek to defend the national companies and the domestic market. With all sectors participating for the solution of our problems."

He is aware, however, that some Brazilian industrialists *would not agree with his policies.* "Indeed, sectors of the national business community have become allies of the multinationals, but others are closer to our line of thinking." As an example of the latter, he cites Sra Myriam Lee, owner of the Molas Sueden Springs factory. Earlier this year, seeing her company's survival threatened by her major customer, Ford, *which planned to instal* a springs factory of its own, she addressed an angry letter to Brazilian President Joao Figueiredo in which she was heavily critical of the multinational's entry into a sector previously reserved for national companies.

If Sen Montoro had been the President receiving that letter, he says he would have "upheld *the* law—since the Government of Juscelino Kubitschek in the fifties, the car companies undertook to stay out of parts production *which would remain* strictly national." At the end of October Sra Lee, together with the entire workforce at her factory, joined the PMDB.

Sen Montoro feels it is essential to renegotiate the country's huge foreign debt as a means of avoiding a devastation of the domestic market via recession. He defends the creation of a constituent assembly after the 1982 elections, and is entirely in favour under the new constitution of the Communist Party becoming legal.

The Senator is negotiating a common platform with other Opposition parties: The Workers' Party (PT) of Sr Luis Imacio da Silva, the Popular Party (PP), and the Democratic Labour Party (PDT) of Sr Leonel Brizola. Some of his proposals for this platform include the political and economic decentralisation of Brazil, more resources for education, protection for national companies and priority for the domestic market and defence of the environment. Like certain other sectors of the Opposition, he is in favour of a truncation of Brazil's nuclear programme, installed by the treaty with West Germany in 1975.

...ipbuilders face mounting problems

RED TO the bubbling n surounding Rio de s Riomar shipping fair er two years ago, the ig of ship owners and ilders from around the here last month was a air.

79, despite the fact that ding order books in irts of the world were rock bottom, Brazilians sking in their success it of gaining an increas- e of a shrinking world Their yards were work- ull capacity and on the of reaching a record output of 1.5m dwt; ith bulk orders flowing national shipowners, ex- prospects also looked id, at Riomar that year, ns emerged with hopes hing deals worth nearly

eelings and frustration than effervescence sur- this year's Riomar fair, e party had made way hangover. Local news- concentrated on the attacks made on the Government by lead- nessmen, incensed at a to order a dozen cargo orth about $400m from Western European s.

the fair, Gazeta il, Brazil's business mmented that although had cost $1m to , the Brazilian shipyard had failed to sign a ontract. All this has lace against the back- of increasing financial s for some of the major ls. The Estaleiro So Porto Alegre, in Rio do Sul had laid off more lf of its 1,700-strong orce, and a number of ve had to revise their n plans.

recently, the precarious of the sector has been fied by Ishibras, Japan's shipyard, for long re- s one of the more com- nd successful companies ed in the country. re signs that it too has gerously caught out by gy that relied heavily past two decades on ent protection.

Ishibras, which has already cut its 5,000-strong labour force is facing the prospect of some 1,000 temporary lay-offs during four-to-five months of next year when, if production is to be maintained at present levels, a major part of its plant would have to go idle.

In an attempt to avoid such an outcome, Ishibras is negotiating a repair deal on a 130,000 dwt oil tanker owned by Petrobras, the state oil company, and some contracts involving off-shore construction work. But according to Mr Kiyotaka Matsuzama, Ishibras' main sales representative, the problem is "serious."

Yet for all the dampened euphoria it is important to emphasise that Brazilian shipyard owners as a whole blame their situation less on a general slackening of world trade than on government policy which, if *modified, could set them back* firmly on the road to success.

Negative

Apart from the generally depressed state of the economy, two domestic factors in particular have had a negative impact on Brazilian shipyards over the past two years. One was the Government's decision to reduce drastically subsidies to industry in an attempt to get Brazil's balance of payments deficit under control. The "package" had the effect of cutting out export subsidies and hiking the interest rate on borrowed money from 8 per cent to 22 per cent.

The second was the virtual bankruptcy of Sunaman, the state supervisory body for all shipping activities, and one of the main sources of investment in the sector for the past decade. In June 1980, it announced that it had no more funds and would not be in a position to help out until 1983.

Brazil's emergence, following the approval of the second national shipping plan in 1974, as the world's second largest shipbuilding nation after Japan (it has recently fallen behind South Korea), was due largely to the generous financial incentives offered by the Government and in particular the enormous financial support provided by Sunaman.

In 1977, Sunaman found itself temporarily short of funds and started issuing IOUs covering the amount required which allowed the shipyards to borrow from the banks. Then, last year, it was discovered that Sunaman had over-reached itself and had issued IOUs and interest at commercial rates amounting to more than Crs 30bn.

Sunaman's financial director, Sr Luis Rodolpho de Castro, resigned after it had been alleged that he had tried to solve the companies' liquidity problems in a highly irregular manner. Sunaman's president, Comandante Joao Carlos Palhares dos Santos, was subsequently replaced also.

Another factor that has worked against the perform*ance of Brazil's ship* yards was a government decision to nationalise the marine equipment sector and cut down on imports. Most of the major shipyards now rely on domestic equipment for more than 90 per cent of their building.

Shipyard owners complain that this equipment is not only more expensive but also takes a great deal longer in reaching them and therefore slows down their productivity. At present, the majority of Brazilian shipyards are operating at 70 per cent capacity.

"It is a very hard fight at the moment," admits Mr Robert Claasem, whose Dutch-controlled Verolme shipyard in Rio nearly closed as a result of the Sunaman scandal. "But we are convinced that the government will not allow the shipyards to go idle."

Generally, what optimism there is, is concentrated on the domestic rather than the export order book. Despite its curbs on subsidies, the Government has not budged from its main arguments in favour of a major expansion of Brazil's merchant fleet. With about 95 per cent of its international trade being conducted by sea, it is hardly surprising that Brazilians are concerned about the effect on their balance of payments of the cost of ship charters.

Any major disruption of the shipbuilding sector would also run serious political and social risks since the shipyards are one of the country's major employers, responsible for 40,000 direct jobs and 200,000 jobs in supporting industries.

Target

According to government figures, last year 50.8 per cent of Brazilian cargo was carried by foreign freighted ships. And while Brazilian-owned ships (foreign ships flying the Brazilian flag) carried a respectable 29 per cent, Brazilian vessels (owned and built in Brazil) carried only 20.2 per cent. Ship charters this year are projected to drain the economy to the tune of more than $1bn.

The government's aim is to *increase the number of ships* produced for the domestic fleet by 5m dwt by 1985, a target which it hoped will help Brazil *achieve total projected exports* in that year of $40bn. Domestic orders, as before, are likely to be concentrated on Brazil's efforts to cut back on the cost of its oil imports. This includes the building of off-shore oil rigs by the state-oil company Petrobras, and attempts by Fronape, its shipping arm, to cut down on the massive chartering bill it runs up each year. The company wants to see a building programme that would result in a fully Brazilian-owned tanker fleet by 1984.

The nub of the problem remains financing. Significantly during the recent controversy surrounding the purchase of ships overseas, the Government justified its decision by linking it to the need for fresh finance to service large foreign debts incurred by Sunaman.

The state entity needs to amortize debt amounting to $400m in 1982 and was hoping to finance part of this requirement through a new loan package of $380m arranged by the UK's Lloyds Bank International, and linked to the sale of British ships.

Sunaman under the new presidency of Sr Elcio Costa, an economist and the first non military figure to be in the job for many years, is hoping to put its house in order by 1983, through loans like the above, a rescheduling of its debt with the private sector, and increased revenue from levies on freight charges for imported goods by about $200m-$400m a year. Its recovery will be closely supervised by the Central Bank.

In the meantime, under the permanent Programme for National Shipbuilding approved by the Government at the beginning of the year—which sets a target for the construction 1m dwt tons per year until 1985—the shipyards are being encouraged to deal directly *with shipowners.*

In the current *recession* such an arrangement is proving to be far from ideal, although *some officials in the sector* indicate their relief at being temporarily spared Sunaman's interference. The domestic market is proving to be sluggish, although most of the major shipyards claim they have enough orders to be getting on with.

Petrobras last year placed an order for 28 ships; Lloyds Brasileiro ordered 15 ships; Docenave 12, and the private shipping lines a further 22. However, both Petrobras and Docenave might reconsider some of their expansion plans—crude oil imports over the next few years might be reduced because of the development of alternative forms of energy.

Exports from the shipyards are more sluggish, and it is here that most Brazilian shipbuilders aim their pessimism. They complain that export incentives provided by Cacex, the export arm of the Banco do Brasil, are insufficient to make the conclusion of contracts with foreign buyers financially viable.

Jimmy Burns

Country's richest area little known abroad

non Brazilian what he bout Brazil and he will y talk to you about Rio, about Sao Paolo, pos- out Brasilia, and, with luck, throw in some ion about the Amazon. he is unlikely to tell hing about Rio Grande elittles the importance l's southernmost state qualitatively can lay being the country's " region.

ande's 266,000 sq kilo- overs only 3.1 per cent l's total area; its 8m its represent only 7 of the total population. tands out by the fact roduces 8.2 per cent of rnal net product of nd has a per capita that is 23 per cent than the national Politically, moreover, as one of the most l states in the it has the largest garrison in Brazil and radical tradition, and ver 200 years has pro- s fair share of presi- d local revolutions.

ountry which has as one ast redeeming features adox between a huge potential and human Rio Grande boasts the literacy rate, the best , the least crowded e most productive land, est air, and a relatively umber of unemployed cent) compared to a average of over 10 per

off the plane at Rio capital and Brazil's iver port, Porto Alegre Port") after a 70 ourney from Sao Paolo t like stepping on to planet.

...arian

trast to many parts of io Grande has survived two decades without turned inside out. the period of frenetic the region has stayed y what it has always arian.

has been a significant from the land to the a result of a restruc- of land and greater ation, but industriali- s been based on small ium sized companies, g a wide variety of rather than the con- n one finds in Sao

e number of small are grouped round like Garibaldi where uses have venetian nd elaborately carved and where the streets d with names like ossie, Reale, Alliattie, nedetti. The local t is a pizzeria, and rch is built like a cake and dedicated to s of Assisi.

di is not a museum tourists. The farmers there regard themselves as "gauchos" (the name given to someone who is born in Rio Grande) as any descendant from a Portuguese or Spanish immigrant, and they have allowed their agriculture to be fully integrated into the national economy.

"Our first agrarian reform was effectively brought about thanks to this pattern of colonialisation," says Flavio Tavares, a local journalist. The state's development however has not entirely been a bed of roses.

Rio Grande's problems have their roots in the decision taken in the 1960s to develop soya as a major commodity. This involved large clearances, in the north of the state where the land had previously been occupied by families living outside the market economy and living on subsistence farming. Between 1960 and 1980, according to Rio Grande's regional economic department, the production of soya in the state increased from 188,500 tonnes a year to 5.7m tonnes (an increase of 2,951 per cent) while production of red beans or "feijao," and manioc declined during the same period by 28 per cent and 14 per cent respectively.

Such a dramatic turn round in the pattern of production, from an agriculture based on traditional stable foods locally consumed, to a major commodity aimed at the world market, largely explains the internal migration that occurred in Rio Grande. During the last decade an estimated 700,000 people left the countryside for the cities.

Over reliance on soya moreover has on occasions during the last 10 years led to major food shortages in traditional foodstuffs forcing the "gauchos" to import items like "feijao." The social costs of the soya programme are all too visible in the north of the state where the squatters system or "favelas" has developed around some of Rio Grande's emerging towns.

Rio Grande in 1981 produced 6m tonnes of soya, over 90 per cent of Brazil's total production. Of this over half went in exports.

Rio Grande do Sul is today a leading producer of other agricultural products including soya beans, wheat, rice, tobacco, and wine. It is also Brazil's leading cattle farming state.

An increasingly dynamic area in Rio Grande's agricultural sector is grape juice and wine production. Wine in particular is a recent development in Brazil where it has never been a particularly popular drink.

Rio Grande do Sul's vineyards currently supply over 80 per cent of Brazil's domestic market, and even with the current recession, there appears to be considerable space for growth.

Last year, because of frost, the region's wine production fell to 400,000 tonnes from its per annum peak of 700,000 tonnes. Only 1 per cent of total production currently goes towards exports. Yet considering the amount of land still uncultivated, and markets like the U.S., Japan, Britain and West Germany, which have initially given a good reception to Sr Englert's latest marketing drive, prospects for the sector look good.

Industry in Rio Grande has fared better than that in any other state. "Because most of the companies here are small or medium sized rather than large corporations they have shown greater flexibility during the current recession," says Sr Ary Burger, the financial controller of Gerdau, Rio Grande's leading steel concern.

Changed strategy

The privately-owned Gerdau this year cut back its labour forces in Porto Alegre by 500 and is currently producing at only 80 per cent of its 3,050 tonnes per annum capacity. Nevertheless, the company has survived mainly through a switch of strategy. It has increased the proportion of total sales directed at the export market from 10 per cent to 20 per cent.

As Sr Antonio Lima, head of the planning department at Bandesul, the largest regional bank in the Rio Grande do Sul admits: "We have a limited capacity to formulate our own economic policies." Sr Lima wants to see greater devolution particularly in credit policy and taxation. At present the local authorities collect only sales taxes. Such demands are almost invariably put by gauchos in the political context.

One of the major opposition parties, the PDT (Partido Democrata Trabalaista) led by the gaucho Leonel Brizola appears in a strong position to capture the majority of seats in the state parliament in the 1982 elections and could also win the governorship.

In the meantime the Federal Government and the local authorities have earmarked four major projects for Rio Grande: a petrochemical complex near Canoas, some 120 km from Porto Alegre, which is due to go onstream at the end of 1982; a carbo-chemical complex which will use the region's estimated coal reserves of 2bn tons (more than half of all coal deposits in Brazil); a copper production complex which will use the region's estimated copper reserves of 15m tons besides small quantities of gold and silver, and 1,200 tons daily of sulphuric acid as a by-product; and finally a plan by the already existing Companhia Riograndeense de Nitrogenados for producing an initial 1,200 tons daily of ammonia and other nitrogen by-products for fertilisers.

Jimmy Burns

BRAZIL VI

Greater Carajas scheme 'the project of the century'

"THE project of the century" is how Brazilians describe the Greater Carajas scheme. It is no exaggeration or hyperbole. Located south-east of the Amazon, the area under development covers approximately 800,000 sq km — the size of France and West Germany put together — of jungle and scrub.

The aim is to turn this neglected corner of Brazil into a prosperous industrial and agricultural region by the end of the decade. It could also be an export base rivalling any other in the country.

Communications are the key to the opening up of these unused tracts shared by Para, Maranhao and Goias states. Hence, projects already underway will provide the basis for an eventual north-south waterway of 2,200 km, from Belem at the mouth of the Amazon to Aruana in Goias, and a transverse railway of 900 km to Sao Luis on the coast. The Trans-Amazonian highway already runs through the region.

The total cost is $60bn on present estimates and at today's prices. Much of the fixed investment is expected to come from foreign loans or foreign risk capital.

Discovery

None of this would be possible if it had not been for the chance discovery in 1967 of a low range of hills stuffed full of minerals of a quantity, quality and variety surpassing anywhere else in the world. These hills are the Serra Dos Carajas, 550 km south-west of Belem.

But evident potential does not automatically mean evident wealth by any means. How Carajas came to assume the central place it now has in official planning, the heart of the much more ambitious regional project, is a tale in which the authorities dallied and the Western multinationals possibly missed the boat.

Union Carbide and U.S. Steel were separately prospecting for manganese in the vicinity in the mid-1960s, when an engineer working for the latter made a forced landing. The hill on which he came down turned out to be 18bn tonnes of haemetite.

Ten years later U.S. steel backed out, selling its half share to CVRD, the Brazilian state iron company, for $50m. BSC was among the foreign companies which then flirted with the idea of a minority stake in Carajas but eventually decided against getting involved, perhaps as much as anything because of the scale of the task.

Today, the Carajas iron ore project, to produce 35m tonnes a year of sinter-feed by 1987, is being handled entirely by CVRD. The latest cost estimate is $3.62bn. That price includes infrastructure, which can later be used by other minerals as well, but excludes the burdensome financial costs.

Meanwhile, the world's big mining companies are waiting on the sidelines for the iron project to get off the ground (and for a nationalistic debate in Brazil over the multinationals' place in Carajas to be settled) before making their bid for the non-ferrous ores: copper, bauxite, manganese, cassiterite, nickel — and gold.

The commercial logic of the multinationals has undoubtedly been correct. The preliminary work involved in opening up this remote, unpopulated site could only have been handled by a government agency. Furthermore, Carajas would probably not have been economically feasible if it were not for another giant undertaking in the jungle, the Tucurui dam and hydro-electric plant on the nearby Tocantins River.

Tucurui is second in size in Brazil only to the Itaipu HEP project in the south-west, but is a far more taxing undertaking. In its first stage the power station is designed to produce 4,000 MW of electricity, at a cost today of $2.65bn, or $1,509 per installed kilowatt. Again, financial costs, adding appreciably to the price, have been excluded.

The eight turbines are due on stream progressively between the end of 1983 and late 1985. Shortly thereafter work will have to start on the second stage, to double capacity, if the estimated demand for electricity within the Greater Carajas region of 7,900MW by the end of the decade is to be met.

Tucurui is the kingpin of a series of smaller HEP projects Eletrobras, the state utility, is planning further up the Tocantins and its tributary, the Araguaia. All told, the basin of the two rivers is estimated to have a potential electricity generating capacity equivalent to Brazil's total installed power to date.

The stated goals for the Tucurui power station are to provide power for the mines and processing facilities at Carajas, for the railway line now under construction from the mines to the coast, for aluminium and alumina smelting near Belem and Sao Luis, and for future secondary industries based around the river towns of Muraba and Imperatriz.

Port facilities

A spin-off will be the fact that the Tocantins will become navigable all the way from the Atlantic to Maraba. Port facilities are being built near the dam itself. Any delay in work at the river site would have a critical bearing on the prospects for Carajas itself, with CVRD having already taken contracts for delivery of much of the iron ore from 1985 onwards.

Against these contracts, CVRD is raising abroad about $1.2bn for its share of the capital costs involved in the iron ore project, the railroad and the new port of Sao Luis.

At a time of all-round Government stringency these two interlinked projects have been given top priority in their access to state funds. Nonetheless, budgets are being sliced in real terms because of the continuing high level of domestic inflation. This is forcing both CVRD and Eletrobras and its regional subsidiary Eletronorte to borrow at high interest rates to cover the gap.

In its last annual report, Electronorti, the regional electricity authority, which spent 93 per cent of its 1980 investment budget on the project, said that delays in getting money from Brasilia had cut concreting work at Tucurui to 70 per cent of the planned amount. This year's budget was based on a national inflation rate of 60 per cent, not the actual 95 per cent.

Camargo Correa, Brazil's leading construction company, is the main contractor involved in the civil works and its financial wellbeing has been jeopardised by the heavy extent of its dependence on Tucurui. Payment delays have recen been up to 60 days.

However, building a proj of this sort in the Amazon po problems of logistics a climate not encountered el where. Concreting, for exam is slowed down during the ra season just now gett underway.

A key date to meet for 26,000 site workers is next M by when the earth dam is to be completed. Failure meet the target would m that the main sluice gates co not be closed in Septem 1983, as planned, to start fil the lake behind the d Because of the annual cycle, Tucurui would have wait another year and the sequences for the Carajas project and the Brazil Japanese aluminium alumina works now under struction would be serious.

So far, despite the budget backs, work is said to be on schedule. Half the conc ing and 55 per cent of the r excavation has been comple at a total cost to the end of year of Cr 75bn ($1.15bn).

Much of the equipment Tucurui is coming from Fra which is also providing foreign exchange required. has been budgeted at $438m the project's first phase.

Less clear is the progress the transmission lines. 500 KV trunk lines and shorter 230 KV line are b built, cutting a swathe thro the jungle: the first, 323 long, will carry Tucurui's pc to near Belem, while the sec goes south and east to Ma and Imperatriz for 400 km.

For the long-term future the region an almost equ important, if less spectac aspect of the developmen Carajas is likely to be the cultural possibilities opene by the availability of rail, and water transport.

The Greater Carajas Cou which was set up in Brasil May as an inter-ministeri to co-ordinate the entir gramme, talks of establis an initial 300 cattle farms a 3m-hectares area. Large plantations of oil palms envisaged and even the re of the rubber tree to its nat habitat as a commercial pro tion is dreamt about.

Andrew Whi

Steel industry loses its shine

THE BRIGHT start that was the Brazilian steel industry throughout the past decade has lost much of its glitter this year as a result of an unprecedented fall in output and the looming prospect of considerable over-capacity in the near future.

Overconfidence about world-wide trends, politically motivated duplication of facilities and the way in which the industry has had to bear the brunt of government austerity measures, both direct and indirect, in 1981 have all played a part in producing this parlous state of affairs.

Nonetheless, the fact that Brazil is installing new capacity at a time of recession when the British steel industry, for one, is cutting back drastically ought, in theory, to ensure Brazil's place in the sun once a recovery in the industrialised world takes place.

Throughout the 1970s the country's steel industry grew at an average of over 11 per cent a year, lagging behind only South Korea in the non-communist world but at twice the overall level of production of the Far East nation.

In 1980, output reached 15.3m tonnes, promoting Brazil to tenth place on the world league table above such traditional producers as Britain, Belgium and Czechoslovakia.

Even up to this April there were few signs of the impending collapse in domestic demand. But since then it has been one way down, with the public sector bearing the brunt.

In the first nine months of 1981, production of steel fell by 10.8 per cent to just under 10m tonnes. The prospect is for a 13 per cent fall on the year and there is little confidence among industrialists in a recovery next year either.

The situation would not be so bad were it not for the extra 7.1m tonnes of basic steel producing capacity due to be commissioned within the next 18 months from three major plants within the state group, Siderbras.

In addition, private enterprises are still going ahead with their own, albeit smaller and more specialised, schemes. Last year the Government's council for the iron, steel and non-ferrous metals industries, approved private projects which will add another 675,000 tonnes to Brazil's total capacity.

All this is at a time when the vehicle and components industries—the biggest consumers of steel products—do not see demand returning to its 1979 peak for at least four years.

With the help of additional government credit, the immediate response of the industry has, naturally, been to turn to exports. The problem is that Brazil has not been a traditional steel exporter of any significance and is having to enter new markets at a time when competition is unprecedentedly fierce.

Exports of iron and steel products in 1979 and 1980 were just under 2m tonnes each year, representing about 13 per cent of gross production.

The weakness of Brazil's foreign penetration was shown up dramatically in the first half of this year when exports were under 500,000 tonnes. They are expected to recovery strongly in the second half because of the strenuous efforts all the producers have been putting in recently, but will still end the year with only about 1.5m tonnes.

Exception

Most of the new capacity was designed for the internal market as well. The main exception is the 3m tonnes pa Tubarao steel complex in which Kawasaki and Finsider have equal minority shareholdings and are committed to taking half its output.

The Acominas steelworks, two years behind schedule and above the projected budget, is considered such a white elephant in government circles in Brasilia that serious thought is being given to selling it off to the private sector before it is even completed.

With a planned initial capacity of 2m tonnes a year, Acominas is the flagship of British commercial interests in Brazil. The Davy Corporation has overall responsibility for the project. But with its technical sophistication, lack of a ready market and political inspiration, Acominas could well be described as Brazil's Concorde.

Its defenders argue that many of the products it is designed to produce, such as heavy rails, have at the present to be imported and there could therefore be a substantial saving on the country's import bill if it were completed. It is not an argument which is cutting much ice with the planners drawing up next year's budget for Siderbras, the holding company.

CSN, the country's second largest steel producer, is luckier as its expansion programme, from 2.5 to 4.6m tonnes capacity, was nearer completion when the money squeeze was applied and has therefore been favoured in the budget allocation.

This, then, is the extent of the mess in which the Brazilian steel industry now finds itself.

Ever hopeful, government officials argue that the second half of the decade will be better than the next few years and point out that many of the Brazilian plants will by then be more modern than those of their foreign competitors, except Japan.

Between 1977 and 1979, investments in the industry were averaging $2.5bn a year, three quarters of which went into primary products. Brazil was investing as much as anyone else in the world. Then, in the last two years, the tap was turned off and work slowed to a virtual halt.

Now, to finish off what has been started will require about another $3bn, much of it in next year's Budget. What that budget is going to be will not be known until late December, but it is already certain that it will, once again, be below the officially predicted rate of inflation.

As a result of this year's slump, the seven operating companies which make up the public side of basic steel making have seen their share of the market fall to 60 per cent.

The 32 companies in the private sector are much more varied, ranging from outfits such as Santo Amaro, which rolls about 5,000 tonnes a year of ordinary non-flat products, to major producers of a range of items such as Belgo-Mineira, Cosigua and Mannesman.

Contrary to what its name indicates, Belgo-Mineiro is now a wholly Brazilian company. It was last year's most profitable steel maker, with a gross revenue of Cr 22bn. By trading-up into more sophisticated products it has managed to avoid the worst of the recession and plans to continue with its expansion programme.

Another highly succes company is Vibasa, part the Villares group. Its br new steel mill half way betw Rio de Janeiro and Sao P claims to be the largest ducer of forgings and cast anywhere in the southern h sphere. Vibasa is making p for such projects as the g Itaipu Dam and Brazil's nu power stations.

Foreign investment in industry is relatively li with the notable exception Mannesman, the fourth lar steel producer in the coun in terms of revenue. Most investment has concentrated more downstream activities equipment manufacturing.

Clouded vision

Over the years, Brazil successfully reduced its fore trade deficit in steel produ In 1980 it produced a posi balance of $74m on rolled ducts and $376m when fe alloys and pig-iron were cluded. This year that sur is predicted to rise to $6 on rolled products alone.

The steel trade statis reflect closely what has b the pattern for all Brazi industry in 1981. But cle too much concentration on benefits of foreign trade cloud the vision of what happening to those indust units planted and nurtured the years. The Governm faces a very difficult dilem over how to bring on stream new capacity, and when.

The answer may lie in partial denationalisation gramme over the next years.

Andrew Whit

Our correspondents examine the lives of the overnor of the central bank, the president of Brasilinvest and the leader of Brazil's Roman Catholic Church

Profile: Dr Carlos Gerald Langoni

Inflation specialist

los Gerald Langoni, economics professor Governor of Brazil's ank, gazed reflectively horizon. From the floor of the black-uilding in Brasilia the a clear day seems Out there was the real the landless peasants g a bare existence; the rons on their fazendas for more cash to after the frosts; the own bank managers g with the Govern-redit squeeze.

the rich and powerful eueing up to see the . There was the Secretary from Santa state, lobbying for r a pet project. In corner a Swiss banker king for reassurance nomic policies will not ged; trying to get a edgeways was the ian Foreign Minister for an increase in line of credit.

ve more control over ey supply than I have own agenda" says Dr with a smile and a The boast about the supply is justified.

lering has relatively age of 37, many would , professionally speak-Langoni has arrived. years a specialist in its causes and , he now has the task ging under control an rate which has been the world's highest. He sides over the problems ing with the world's foreign debt.

Dr Langoni: always ready to speak his mind

itor

intessential technocrat, angoni "arrived" in the his mentor, Sr Antonio Neto, Planning Minister nomic overlord of 120m as and another former cs professor.

the two work closely , and indeed depend on er, it would be unfair he Governor as a mere cypher. In the time he has held his post he has frequently spoken his mind on the direction of the economy, often at variance with the stated opinions of his nominal superiors.

If anything, Dr Langoni, largely freed from the political wrangles the other Ministers have to cope with, has been tougher and more rigorous than they in his approach to the goal of bringing the elephantine Brazilian economy under control.

Inevitably his fate has become closely linked to that of Sr Delfim, himself a leading member of the so-called Medici faction in the administration. As a man who keeps his political preferences to himself Carlos Langoni does not let on in public if he has higher ambitions that his present task. But he must be well aware that the success or failure of his policies will have a considerable bearing on the prospects for Brazil's military-led regime.

The role of the central bank governor in Brazil is a much more activist one than it is in the West or in many other developing countries. It combines the management of the domestic banking system with control over foreign finance and the planning and execution of monetary and fiscal policies.

While ultimately deferring to the Planning Minister, Dr Langoni is very much a policy-maker in his own right, backed by a highly respected economics team. He is a member of the National Monetary Council and National Foreign Trade Council and frequently deals directly with foreign governments.

A graduate of the University of Chicago, in office the Governor has been as tough a monetarist as any in Britain or the U.S. He has also worked to cut back on state spending and reduce federal subsidies.

When he was writing his first paper on inflation 15 years ago, however, the index in Brazil was only 38 per cent a year, a plateau it maintained until the end of 1978. It was 85 per cent and rising fast when Dr Langoni took over the bank's top job, after a year as head of banking operations.

Since then inflation in Brazil has peaked at 120 per cent last March and is now declining steadily, accompanied by a deep grinding industrial recession. As in Britain, critics have been asking: "What price success?" and "Is there really no alternative?"

For Dr Langoni, as for Mrs Thatcher, there is none, especially if Brazil is to maintain the confidence of its creditors abroad.

The bespectacled, earnest looking professor is lecturing again—this time on the folly of paying too much attention (as journalists are wont to do) to the fact that for the Brazilian public prices in the shops have more than doubled, unemployment is up in the cities and the Government is trying to cut back already meagre welfare payments.

Andrew Whitley

Profile: Sr Mario Garnero

A practical banker

ACKGROUND is one of who realised as soon t university that he was g to be a lawyer." This 44-year-old Brazilian man Sr Mario Garnero his entry into the busi-ld, coming to rest most as the president of rest.

to Brasilinvest, Sr 's own brainchild, he ctor of Volkswagen do me of the largest com-in the country, and an of the car industry dent of Anfavea, the manufacturers, associa-fe is close to the nent, as can be seen s seat on the powerful Energy Commission, decides the country's for energy use.

nfavea, I saw important Brazil's entry into the ub of countries produc-ars per annum, and the al revolution which is onal alcohol programme ol."

the awareness of social s which his negotiating ice gave him which was ental in Sr Garnero's ersial exit from Volks-nd Anfavea earlier this n a letter to Brazilian t Sr Joao Figueiredo, ained that he could not e in the company which was laying off workers in their thousands. VWB has sacked 9,000 workers since September 1980. "I believe that a company has a social responsibility, particularly in a country like ours, which goes beyond its profit-making function. It is imperative that we reflect upon the social effects of our business activities."

Own project

While still at Volkswagen and Anfavea, he had embarked on his own project, the Banque Affaires, in the mould of Baring Brothers. As he says: "It began with an international seminar on Brazil in Salzburg in 1975. It was an opportune moment to launch the idea—a merchant bank acting in a country still very weak in terms of the volume of business on the Stock Exchange." The company has 80 shareholders, each with a quota of U.S.$500,000. They include Bechtel, Volks AG, Brown Boveri, the Xerox Corporation, Massey Ferguson, Fiat, Rhone-Poulenc, and the Midland Bank. But in the voting capital, the majority is Brazilian.

At first sight the company's capital composition could remind one of the ill-fated Adela, another attempt at capitalising private enterprise in a country with a Stock Exchange in its infancy. "But we don't work with venture capital. Adela was an agency which raised short-term loans on the international market and invested in long-term projects. We invest and our associates in them are *obliged to give us a get-out* option at the end of five years. Furthermore, we only have one bank from each country and one company from each sector, avoiding the conflicts of interest which plagued Adela."

Sr Garnero: "A company has a social responsibility"

He believes that the stock market can acquire greater importance in the future if the Government takes steps to reduce the attractiveness of its own papers, which are effectively "socialising the risk impetus." Investors prefer non-risk government papers to shares, since they are accompanied by monetary correction (indexed against inflation). Another factor he believes will strengthen the market is the coming online of massive projects like Carajas, where the companies involved are destined to become blue-chips, as is Capene, the company currently clearing U.S.$1bn-worth of timber to make way for a dam.

Sr Garnero's most recent headline-making coup was Brasilinvest's cornering of 40 per cent of the Brazilian telecommunications market, estimated to be worth U.S.$120m a year at the moment.

To do this his company bought control of Standard Electrica do Brasil. He will be buying NEC's technology for tempo programme controlled telephone exchanges, and is guaranteed the contracts for *their installation in Rio de* Janeiro and part of Sao Paulo.

Rik Turner

Profile: Cardinal Paulo Evaristo Arns

Pressure for social justice

Securing an interview with Cardinal Paulo Evaristo Arns is about as difficult as getting to see the Pope. Although part of the trouble is bureaucratic — having waded through a complex tangle of assistants and secretaries this correspondent was told that the Cardinal preferred written questions—a major reason is that the man is *genuinely busy, probably* among the busiest men in Brazil, with a workload that keeps him occupied virtually around the clock.

As Cardinal Archbishop of Sao Paulo—the largest city and major economic centre of the country with the most catholics in the world—Arns is responsible not only for eight bishops, some 2,100 priests, and 4,000 nuns but also for over 50 neighbourhood organisations. These organisations act as one of the major pressure groups on the local authorities and the central government for greater social and political justice.

In many ways, he has typified that sector of the Latin American church which, in the wake of the Vatican Council and the first meeting of Latin American bishops in Medellin, has shown a tendency to assume the virtual role of a political power. This is especially so during periods when the usual channels of political opposition, namely political parties and unions, have been unable to operate.

Harsh rule

Arns' first years as cardinal coincided with a period of harsh authoritarian rule, coupled with an economic policy based on a dramatic push for growth. Nowhere were the effects of the Government's programme more noticeable than in Sao Paulo. It was there that the death squads first emerged and where the most publicised violation of human rights occurred, such as the case of Vladimir Herzog, the Brazilan journalist who died in custody. The social results of Brazil's "economic miracle" were evident in the growth of the city's shanty towns, urban violence, and pollution.

Despite the "abertura" or liberalisation of the political system, the church remains an outspoken voice in Brazil, and a continuing source of embarrassment to a government which is keen on improving its image in the run up to the elections

Arns was among the bishops who, in a recent public document, condemned the "scandal" of an economic policy that has provoked social and regional inequalities. The Cardinal has been particularly critical of government action against squatters, not only in Sao Paulo but also in the countryside where, as described in a separate article, there is a growing involvement of local priests in rural protest.

"The priests deserve a special support from their church," says Arns.

"It is not enough to praise the potential riches of the country unless the workers and the unemployed, those who have been expelled from their land, the undernourished, those without houses, without a decent wage, are given the opportunity of *becoming citizens with full* rights."

The Brazilian church's self-confidence has been boosted by the visit of the Pope and his subsequent declarations on social justice

Ask a businessman working in Brazil today what he thinks about Arns and he will undoubtedly retaliate with an answer that at some stage includes the phrase the "red bishop." Such sentiments were shared recently by one of Brazil's leading newspapers O Estado de Sao Paulo, which drew attention to what it saw was an approaching crisis in Church-State relations. What was in conflict, the newspaper argued, was an essentially socialist option as represented by Arns and his supporters, and the political and economic programme defended by the Government.

Arns has consistently denied that he is political in the strict party sense, insisting that the church's defence of social justice is its pastoral prerogative.

Arguably, though, this has not stopped either him or other Brazilian church figures from being a major political force in the country where, even with "abertura," the evolving political parties appear a long way from gaining credibility as a viable ideological alternative.

Jimmy Burns

Bitter struggles over land ownership

BRAZIL continues to give high priority to agricultural development in order to increase its exports and its import substitution. Agricultural exports account for about 40 per cent of foreign exchange earnings, and the vast, uncultivated areas of the Aamazon region hold out the promise of still greater expansion in future.

But the process is dogged by ecological and social problems which are taking an increasingly prominent place in the agenda of political opposition. The international outcry over random and wasteful clearances in the world's greatest rain forest may have served to check indiscriminate development—although the suspicion remains in many minds that the Government is unwilling or unable properly to supervise *the exploitation of* the Indians who are driven off lands which provide their sustenance and to which they are tied by religious tradition.

Less, perhaps, is heard outside the country of the wider social dimension, the gradual displacement of smallholders and peasants without formal title to the land they occupy, by new owners, whether individual businessmen or consortia of companies.

In many cases bitter, protracted, and sometimes violent struggles ensue, especially in the not uncommon event of a false claimant appearing and, with the help of pistol-toting hired men, threatening to drive settlers from the land. The national confederation of rural workers recorded eight murders last year of peasants or of trade union officers or lawyers who sought to defend them in battles with such pretenders.

Land struggles occur in many parts of the country, not merely in the "new frontier" region of the centre-west. Rondonia and Acre, on the Bolivian and Peruvian borders respectively. The area round Brasilia in the *state of Acre has been the scene* of many disturbances: indeed, Sr Wilson Souza Pinheiro, the president of the local farmworkers' union, was assassinated in the course of one dispute there.

Another area of incessant strife is Conceicao do Araguiaia, mid-way along the great tributary that rises in the Mato Grosso plateau and empties into the Amazon near its mouth at Belém. The number of incidents recorded there was 43 in 1979, and 80 the following year, when another trade union figure, Sr Raimundo Ferreira Lima, known as the "Gringo," was killed after standing in union elections on a radical ticket.

Disputes are not confined to the countryside. The daily press of Brazil regularly reports incidents on the fringes of cities where squatters have settled and attempts are made to clear them off when the land is needed for development

Drift to cities

The insecurity of many rural people is certainly a factor in *the continuing and alarming* drift from the land to the cities. Many of the so called "marginalised" urban poor *complain that* they have been forcibly expelled from the land, only to find an equally precarious existence in the shanty towns of Sao Paulo or Rio de Janeiro.

It is no accident, therefore, that the re-emerging militant movement in the big city trade unions, especially in the industrial suburbs of Sao Paulo, is taking a close interest in the pattern of agricultural development. One of the main demands of the union movement is for agrarian reform: the new shop-floor leaders, often themselves migrants from the parched north-east, argue that unless rural dwellers have greater tenure, they will continue to flood to the cities seeking work and putting the cities under intensifying strain.

Inevitably, the organisational *links between the industrial and* rural populace are tenuous: formal links are, in any event, precluded by the corporatist structure of the official trade union system. In some areas like Acre or Santarem on the Amazon river, the resistance of the peasants has found some collective leadership in active trade unionism. Elsewhere, it may be provided by sympathetic individuals in the legal profession or by missionary priests of the Catholic Church.

Settlers do have legal rights—a limited claim to occupied land after one year and a more substantial claim after five. But *they cannot usually afford* to substantiate their rights in the courts in cases where the owner*ship of land is contested. They* may be taken on as employees of the rancher, or they may reluctantly accept compensation and move away.

Sometimes, in the most hard fought struggles, the authorities will intervene and declare formally the peasants' right to contested territory. Last year, there were 26 such edicts, covering a total area of 1.7m acres.

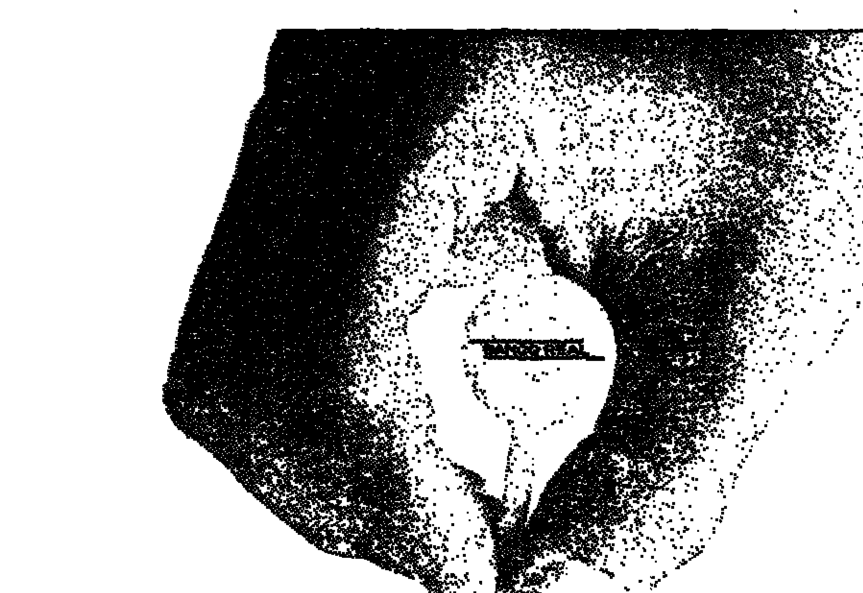
According to a 1975 census of agricultural establishments, just over half—comprising less than 25 acres—accounted for 2.8 per cent of titled land; 47 per cent, of 25 to 2,500 acres, accounted for 54 per cent of titled land; and under 1 per cent, consisting of 2,500 acres or more, occupied 43 per cent of titled land. Between 1950 and 1975, the ratio of smallholders to rural employees changed from 4:1 to 3:2.

The Church organisation responsible for landworkers, Commisao Pastoral de Terra, blames the economic self-interest of large business concerns for the troubles on the land. It condemns what it calls "institutionalised injustice" in Brazilian society. "It seems like a war of extermination in which the odds are weighted against the poor workers," the organisation says.

Complaints of this sort do, however, appear to have made some impact with the planning authorities. In one of the fastest expanding agricultural development areas of the country, Rondonia, an ambitious $430m investment programme *with considerable World Bank* participation, is being undertaken.

In the area covered by the programme, the whole of Rondonia and parts of the western Mato Grosso, large ranches are already being established. But the new development is to be based on smallholders, with groups of 800 farms linked to urban nuclei providing schools, hospitals and back-up services. A World Bank report on the project, Polonoroeste, forecasts that the investment should be able to cater for an expected doubling of the population by 1985 to 360,000.

Christian Tyler



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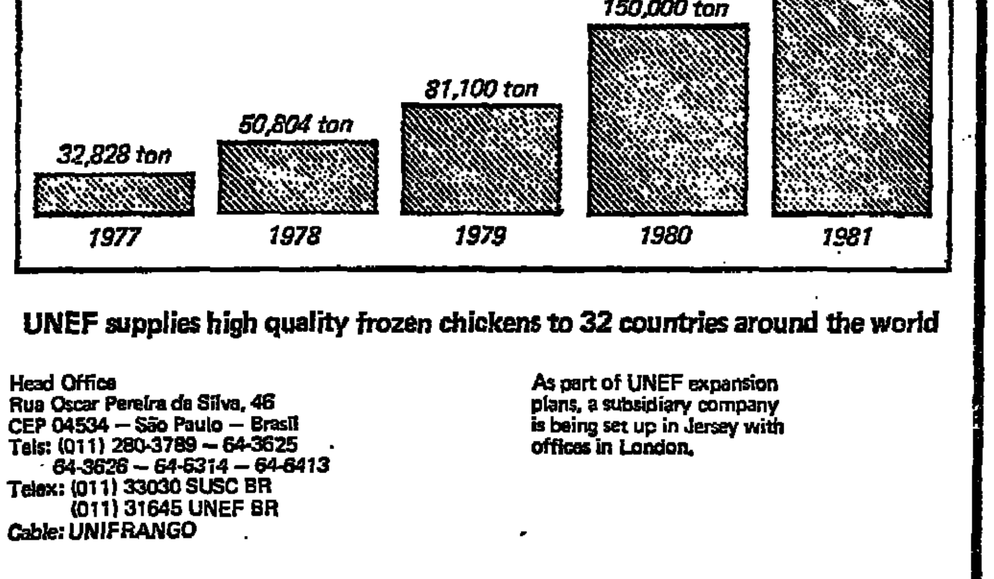

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STANDS FOR QUALITY

Mendes Junior, one of Brazil's most successful companies, has survived the recession almost unscathed. Jimmy Burns reports

Strength in diversity

In Belo Horizonte, the capital of the eastern state of Minas Gerais, the locals are quick to stake their claim to being a hard working, impulsive people very different from the superficial "cariocas" of Rio and the technocratic "professionals" of Sao Paulo.

It is a region little known outside Brazil but which nevertheless prides itself on being at the centre of things—a literal boast since the capital is virtually equidistant from Sao Paulo, Rio and Brasilia and a short flight away from all three.

This said it comes as little surprise that "Mineiros" have considerable veneration for *Mendes Junior, one of their* most successful companies, and one of the few in Brazil to have floated through 1981 as if the recession had not happened. The company recorded only slighlty increased profits $55m and avoided lay-offs. But at the same time it has studiously avoided heavy borrowing, both on the domestic and foreign side, keeping its debt well under control.

The privately owned Mendes Junior is not only Brazil's major heavy construction company, but in terms of domestic and foreign sales ranks number 13 in the current list of the world's top international contractors.

It is the major part of the family-controlled Mendes Junior Group, which with its offshoots in agrobusiness (palm oil, cattle breeding and forestation), and the steel industry, is among the top 20 Brazilian enterprises.

Mendes Junior was founded in 1953 by Jose Mendes Junior, a one-time government engineer who used his experience with the building of the national railroads to form a small construction company. It was this company with an annual turnover (calculated at current prices) of $10m that was handed over by Jose to his five sons as a re-constituted and renamed business, Mendes Junior.

Jose became honorary chairman, nominating his eldest son, Murillo, as vice-chairman and entrusting the management of the company to him and his brothers, Alberto, Arthur, Marcos, and Samzio. The large bulk of the shares in the company were firmly rooted in the family. Today such a description no longer suffices to describe the management structure of the company. At the top of their modest headquarters in down town *Belo Horizonte*, 51 year-old Murillo keeps his hands firmly on the group's *management* and financial organisation.

There is no move to change *the shareholding, and* the rest of the family is still in key management positions. Nevertheless the Mendes' are no longer the only elements in the organisation. The company's board has been extended to include a considerable number of non-family executives with the job of managing the more complex structure of the company on a more professional basis. The Government has an important *10 per cent stake in* Mendes Junior through Siderbras, the state holding company.

Mendes Junior owes its expansion to Brazil's dramatic *push for growtwh which over* the last three decades has involved major investments in *the development* of the country's energy resources and infrastructure.

Undoubtedly a major feature of the company's progress over the last 20 years has been incentives offered by p governments, as well as sheer growth potential of country whose first indust *revolution*, with the coming the railways, only really under way as late as the 19

Yet *this is only half* the st and certainly does not expl how, during a time of recess *the company has managed* keep its head above water w many other enterprises w *grew in the boom years* g gone to the wall.

The reason for the compa continuing *strength* lies in decision to diversify and m a major push in the ir national market.

Using its experience in o ing up areas of Brazil u difficult climatic and geolo conditions, the company during the last few years ceeded in carving out for h a good slice of major contr in the developing world.

The dozen or so large proj in which it has been inve include the building of a km desert highway in Mo tania and a 436 km railroa Iraq, with contracts value U.S.$110m and U.S.$1.2bn spectively.

The most recent coup w win a significant portion of Itaipu hydroelectric sc which is being developed o border between Brazil *Paraguay*.

Mendes Junior sec $4.2bn of contracts last *split almost equally bet* overseas and domestic o

With this background *Mendes views the future* optimism, despite the cu squeeze on credit. He fore that profits this year wi slightly better than last thanks to a number of ove contracts for which M Junior is currently bic

Business guide

CLOTHING

Tropical suits are necessary. A dark lightweight suit will be useful for formal evening appointments. Dinner jackets are rarely worn.

Light cotton dresses are worn by women in the summer. During the winter, light woollen clothing is suitable for southern Brazil, but British summer clothing is more appropriate for the Rio winter.

CLIMATE

The climate varies from the *steamy heat of the Amazon* Valley to the temperate atmosphere of the southern plateau. *Winter conditions*, from May to October, in Rio de Janeiro and São Paulo (where the temperature can change with remarkable rapidity) are similar to *those of a European summer;* in the southernmost states they are similar to a European *autumn. In the summer* (November to April), conditions all over the country are *tropical* but temperatures rarely exceed 38°C (100°F).

TIME

Local time in Brazil is three hours behind Greenwich Mean Time.

TRAVEL

Air. Travel by air is the most convenient form of transport in Brazil, especially to the north of the country. Brazil has one of the largest internal air networks in the world and there are frequent and well-organised services between all the main *towns. Air taxis are normally* available in all the main centres. Advance booking is not neces*sary for flights between* Rio and São Paulo (about one hour).

Taxis. In Rio de Janeiro and São Paulo taxis carry red number plates and are fitted with meters. In other centres, taxis can be hired for a journey or by the half-hour, in accordance with the scale of charges displayed inside the vehicles.

Car-hire. Self-drive and chauffeur-driven cars are available in all the main towns. The use of the latter is recommended in São Paulo when visits are to be made away from the main part of the city.

An international driving licence is required.

HOTELS

There are good hotels in most of the principal towns. These include:

BRASILIA

Hotel Nacional, Conjunto *Hotel Nacional*, Loja 1. Telephone: 245-2233, 225-1050, telex: 114 a/b Hotel Nac BSB.

Eron Palace Hotel, Setor Hoteleiro Norte. Telephone: 225-7080

Bristol Hotel, SHS Q4 61 F. Telephone: 225-6170.

Torre Palace Hotel, SHN QL Lote A. Telephone: 225-3360.

Carlton Hotel, SHS 05 bloc 6. Telephone: 226-7320.

RIO DE JANEIRO

Hotel Intercontinental, Pr Gavea 220. Telephone: 399-2200.

Hotel Nacional Rio, 769 Av. Niemeyer. Telephone: 399-0100.

Hotel Sheraton, 121 Av. Niemeyer. Telephone: 274-1122.

SAO PAULO

Grande Hotel Ca D'Oro, Rua Angusta 129. Telephone: 256-8011.

Othon Palace, Rua Libero Badaró 190. Telephone: 239-3277.

Ca D'Oro, Rua Basilio da Gama 101. Telephone: 259-8177, telex: 519 a/b Grandhotel SPO.

Cambridge, Avenida Nove de Julho 216. Telephone: 239-0399.

Comodera, Avenida Duque de Caxias 525. Telephone: 220-1211.

Danubio, Avenida Brigadeiro Luiz Antonio 1099. Telephone: 239-4033.

Excelsior, Avenida Ipiranga 770. Telephone: 222-7377.

Eldorado, *Avenida Sao Luis* 234. Telephone: 256-8833.

Eldorado, Higenopolis Rua Marques de Ito 836. Telephone: 222-3422.

Sao Paulo Centre, Largo Sta Ifigenia, 40. Telephone: 228-6033.

Normandie, Avenida Ipiranga 1187. Telephone: 228-5766.

Sao Paulo Hilton, Avenida Ipiranga 200. Telephone: 256 0033.

Caesar Park Hotel, Rua Augusta, 1508 Sao Paulo-SP. Telephone: 285-6622.

Brasilton, Rua Martins Fontes 330. Telephone: 285-5811.

Maksoud Plaza, Alameda Campinas 150, 01404 Jardim Paulista, Sao Paulo. Telephone: *251-2233*.

COPACABANA

Hotel Meridien, 1020 Av. Atlantica. Telephone: *275-9922.*

Hotel Rio Othon Palace, 3264 Av. Atlantica. Telephone: 255-8812.

Copacabana Palace, Av. Atlantica 1702. Telephone: 257-1818, telex: 449 a/b Hobalcop I RIO and 31-413 a/b Hobalcop II RIO.

Hotel Ouro Verde, Av. Atlantica 1456. Telephone: 257 *1880*.

Leme Palace, Av. Atlantica 656. Telephone: 257 8080.

Hotel *Lancaster*, Av. Atlantica 1470. Telephone: 257-1840.

Hotel Excelsior, Copacabana, Av. Atlantica 1800. Telephone: 267-4220, telex: 106 a/b Excelsior Rio.

Hotel Regente, 3716 Av. Atlantica. Telephone: 287-4212.

Hotel Miramar Palace, 3668 Av. Atlantica. Telephone: 257-8090.

USEFUL PUBLICATIONS

The Europa Yearbook: A World Survey. Vol I. Europa Publications Ltd, 18 Bedford Square, *London WC1B 3JN, £30.* It contains information on Brazil on pages 1675-1705.

The South American Handbook. Annually. Trade and Travel Publications Ltd, The Mendip Press, Parsonage Lane, Bath BA1 1EN.

ABECOR Country Report: Brazil. Distributed by Barclays Bank Group, Economic Intelligence Unit, 54 Lombard Street, London EC3P 3AH, 1980, 2pp. Free.

Bank of London and South America Review. Monthly. Lloyds Bank International, Economics Department, 40-66 Queen Victoria Street, London EC4P 4EL.

Brasil 78. Associação de Exportadores Brasileiros, Avenida Marechal Câmara 210, 2° Andar, Rio de Janeiro.

Brazil. Grindlays Bank Group, Economics Department, PO Box 280, 23 Fenchurch Street, London EC3P 3ED, 1980, 6pp. Free.

Spotlight—Brazil. Distributed free by Midland Bank International Division, 60 Gracechurch Street, London EC3P 3BN, 1979 edition, 6pp.

Brazil: An Economic Report. National Westminster Bank, Market Intelligence Department, International Banking Division, 41 Lothbury, London EC2P 2BP, 1980, 4pp. Free.

Economic Report: Brazil. *Lloyds Bank Limited, Overseas* Division, Customer Services Section, 6 Eastcheap, London EC3P 3AB, *1980, 29pp. Free.*

Economic Survey of Latin America. Annually. United Nations Economic Commission for Latin America, Santiago, Chile.

Foreign Economic Trends and Their Implications for the U.S.: Brazil. U.S. Department of Commerce, Government Printing Office, Washington, DC 20402, 1980, 17pp.

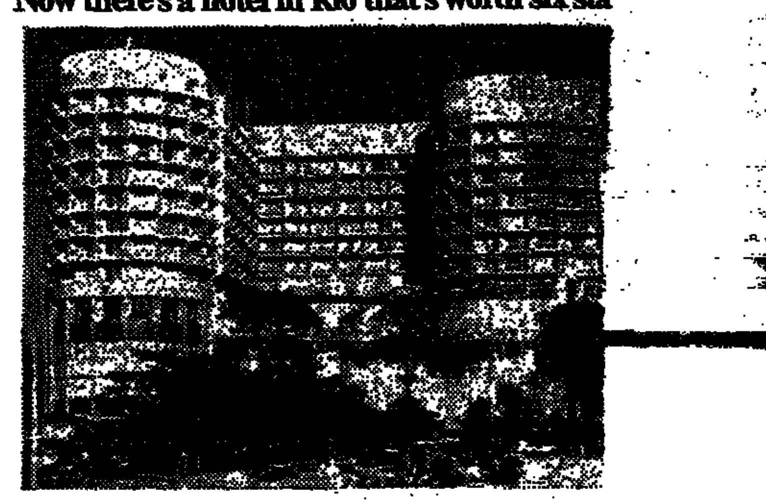
Made in Brazil: the Brazilian Export Market 1977. APC—Assessoria de Promoçao e Cultura-Editora Ltda, Avenida Brigadeiro Luis Antonio 402, 8° Andar, PO Box 5390, 01318 Sao Paulo, 1977, 104pp.

Doing Business in Brazil. Price, Waterhouse Information Guide, 1980, 108pp.

British Business. Weekly. HMSO, annual subscription £64 (including inland or surface but not air postage), single copies 95p (plus postage).

Hints to Exporters: Brazil: The Department of Trade, Export Services and Promotions Division, Export House, 50 Ludgate Hill, London EC4M 7HU, telephone: 01-248 5757, telex: 886143, or any Regional Office.

Now there's a hotel in Rio that's worth six sta



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WORLD TRADE IN TEXTILES

Trying to patch up a pact

By Anthony Moreton and Giles Merritt

MORNING delegates 49 countries, together one representing the an Economic Com- , gather in Geneva to te the terms for the Multi-Fibre Arrangement is due to come into effect uary 1.

MFA is the system under for the past eight years, ts have been made to e international trade in goods and garments. eneva talks begin against ground of confusion and ement, not only between veloped and the develop- rld but also among the ial countries themselves. most serious of the dis- ents involves the EEC. ommunity met yesterday a third time in as many to agree a policy, but emerged from the Brus- lks is very much a com- e to try to hide the fact here are two European the hardliners grouped France, Italy and ; and the more liberal, ade approach favoured est Germany, Denmark olland.

ged against the Euro- are a broad group of ping countries led by Kong and South Korea cluding others such as and Brazil, which want er outlet for their goods e industrialised world. e are also other ies which subscribe to FA, but take a different of which the most ant is the U.S., the non- nist world's largest producer. And then, s the threat from Eastern , which is not a party MFA, and China, which inning to emerge as a country.

Europe's textile industry so been changing over st eight years and there een marked productivity ements at a time of unemployment. Between nd 1979 textile output fell by only 4 per cent EEC and clothing by cent. But employment d by 23 and 21 per cent two sectors. Most re- ble of all has been the cent rise in output per

y's talks are technically ension of the protocol which was introduced under the auspices of the General Agreement on Tariffs and Trade in 1974—the first MFA—and extended in 1978. Because of the divisions within the groups the talks will have done well if they come to any sort of agreement by Christmas. They will also have surprised a lot of outsiders.

The general consensus on the eve of Geneva is that a new agreement is unlikely by the end of this year, when the second MFA runs out. The delegates will then almost certainly have to "buy time"—that is, they will have to agree to extend the present MFA.

The first MFA was introduced in January 1974, and lasted, as did its successor, for four years. Work on its provisions took place at official level in 1972 and 1973—before the oil crisis and the consequent recession. It adopted a relatively optimistic outlook on trade and envisaged that the industrial nations would take an increasing share of the rising output of the less-developed countries.

The first MFA, therefore, postulated that the developing countries should be allowed to increase their exports to the Western world at "not less than" 6 per cent a year. This point has been crucial to all the talks which have followed. It also allowed for importing countries to negotiate bilateral agreements with supplier countries for products where market disruption was a problem.

The hope of Gatt was that the MFA would provide orderly growth of trade in textile goods without causing undue stress for the industries in the main industrialised countries.

There was, however, considerable dissatisfaction among the industrialised countries over its operation and by the time negotiations for MFA2 had started, many countries wanted to tighten its provisions.

Eventually, a sufficient compromise was found to bring in MFA2 but only at the price of jettisoning the 6 per cent growth provision for each category of goods. Instead, an "overall" 6 per cent growth target was accepted covering the whole range of textile categories and the full range of low-cost suppliers.

For the MFA is more than just a set of aims. It is also a detailed arrangement of trade in specific items.

To take one example, in the relatively uncontroversial group four, category 73 covers knitted track suits. The EEC quota is 484,000 pieces a year from South Korea and 1,218,000 from Hong Kong.

If anything, the pressures on the industrial countries have been even greater during the course of MFA 2, though these have not been uniformly felt. The European textile industries, which now account for about 10 per cent of the EEC's workforce, have seen employment drop from 3.1m to 2.1m over the decade 1971-81 and the fall, while bottoming out, has not yet run its full course.

Hence the call for restrictions on cheap imports which will be made at Geneva. The Europeans and other industrial countries do not put it quite so bluntly: they talk about allowing access to their markets in a way which takes account of the level of domestic demand. Imports should not grow faster than the growth of demand, they say, or, if demand falls, then this should be taken into account.

The British are taking this line because they have seen employment drop by over 125,000 (to about 615,000) since the start of last year, while imports from the low-cost countries have risen to over a quarter of Britain's sales by volume (with imports from all sources reaching 60 per cent by volume) although the industry has spent £1.4bn on modernisation since the MFA was introduced.

The French, the other hardliners, have also seen imports rise to about a third of their market. Their somewhat antiquated industry has been in deep trouble and on top of redundancies the new government of President Mitterrand has had to face the collapse of Boussac-St Freres, which contains the remnants of the textile empire which M Marcel Boussac controlled until 1978.

The contrasting West German liberal approach is not just fuelled by an ideological belief in the virtues of free trade but also by self-interest. The Germans have an efficient textile industry, partly based on more modern machinery, partly on being able to ship goods across the border into East Germany for cheap processing, and partly because they have specialised at the top end of the market. British and French producers have been slower to move in this direction.

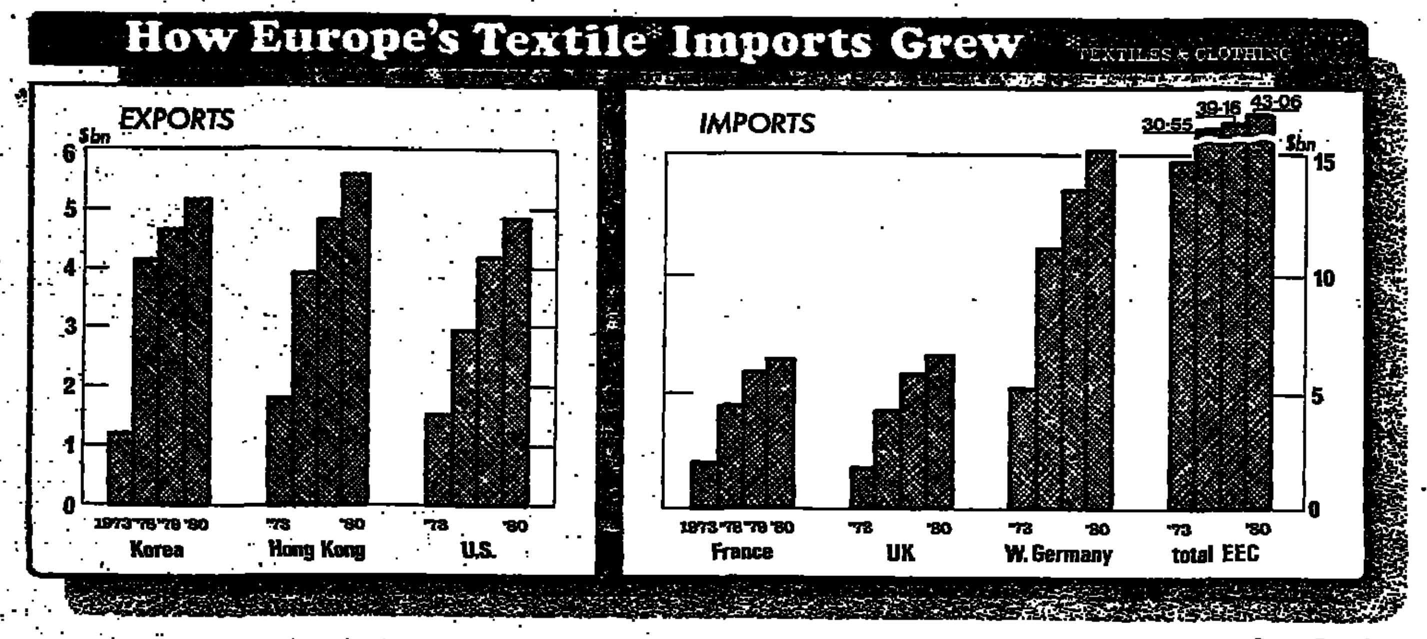
The role of the U.S. in the talks as the subject of considerable conjecture among all the other delegates in Geneva. Since President Carter, the U.S. hides and trades behind some of the highest textile tariffs in the Western world. For example, U.S. tariffs on socks and stockings are 29 per cent compared with 13 per cent into the EEC.

More liberal noises are now being heard from President Reagan's Washington, but the problem in Geneva will be to know what sort of weight to give them. Delegates wonder if they should listen to the President or to Congress, which is not too happy with the Reagan approach.

If most of the focus is on the views of the West, the delegates from the less-developed countries will be under some pressure, too, especially on reciprocity. A strong Western complaint is that the developing countries erect high tariff barriers, which do little to expand trade. They point to tariffs of up to 205 per cent in Brazil, as well as import deposits, up to 100 per cent in South Korea and Taiwan and up to 35 per cent in Mexico coupled with an import licensing system operated in favour of domestic manufacturers.

Whether an offer to reduce these barriers would make much impact in Geneva is doubtful. For most of the Western governments involved in the talks, the preservation of jobs in their own industries is the most pressing concern.

How Europe's Textile Imports Grew



Brana Radovic

NET TRADE IN TEXTILES AND CLOTHING

($bn)

	Textiles 1973	Textiles 1980	Clothing 1973	Clothing 1980	Total 1973	Total 1980
EEC	1.97	0.78	−0.89	−6.12	1.08	−5.34
France	0.29	0.69	0.45	−0.33	0.74	−1.02
Germany	0.30	−0.56	−1.63	−5.46	−1.33	−6.02
Italy	0.62	1.50	1.11	3.83	1.73	5.33
UK	0.19	−0.44	−0.38	−0.98	−0.19	−1.42
U.S.	−0.36	1.25	−1.88	−5.29	−2.24	−4.04
Japan	1.32	3.45	−0.20	−1.03	1.12	2.42

Source: UN Commodity Trade Statistics.

Lombard

The Soviet view of information

By David Satter in Moscow

THE FATE of Mr Alexei Nikitin, the worker dissident who escorted me to Donetsk last December, should inspire a vital question in the West: who really controls the flow of information which shapes our view of the Soviet Union?

Mr Nikitin is being held at the Dnepropetrovsk special psychiatric hospital and he has begun to be treated with powerful drugs with tortuous side effects which could destroy his intellect and may already have ruined his sight.

Yet he committed no crime (Dnepropetrovsk is for the criminally insane) and has never been diagnosed as mentally ill even by the Soviet internal affairs ministry's own special psychiatrists.

The reasons for Mr Nikitin's incarceration at Dnepropetrovsk has never been explained but he was seized almost immediately after spending four days with me in Donetsk where we spoke to Soviet coal miners about their lives.

There is nothing unusual about a foreigner travelling in the Soviet Union with the help of a Russian intermediary. Similar help to that given to me voluntarily by Mr Nikitin is sometimes offered, sometimes imposed, on Western journalists, diplomats and businessmen who day in, day out are taken on tours of factories, collective farms and even coal mines under careful official supervision.

These organised tours inspire countless newspaper articles, academic papers and reports by diplomats to their governments despite the fact that almost every foreigner who participates in them senses that he is not seeing reality but only a substitute for it. This appreciation, however, is not necessarily conveyed to those to whom the western representative is reporting.

The Soviet effort to induce the West to treat falsehood as if it were reality is often highly successful. It is reflected in everything from the tendency of western leaders to accept at face value the "solemn assurances" of Soviet counterparts to the readiness of members of a recent western delegation which included Mr Cyrus Vance, the former U.S. Secretary of State, to applaud a guitar playing Soviet official who serenaded them for two hours with American protest songs.

What must always be borne in mind in dealing with the Soviet Union and what the West consistently forgets is that the Soviet Union is not a state like any other but rather an ideological state based on a specific philosophy.

Soviet ideology predicted a society without exploitation and social conflict once private property was abolished, and Soviet society is organised in its entirety on the principle that the Soviet Union has realised its ideology's Utopian expectations. Information in this context is not made up of facts as we know them but rather of anything which supports this mythical view of the world.

When the question of whether the Soviet Union has facilitated the "free flow of information" arises at the European Security Conference in Madrid, the Soviet delegates point out that they have increased the number of official Press conferences and organised tours and that they have created more possibilities for Western diplomats and journalists to meet with Soviet officials.

The treatment now being given to Mr Nikitin in the Dnepropetrovsk special psychiatric hospital, however, is a more accurate indication of the West's true access to information about the Soviet Union than any number of official events for journalists.

The key to understanding the Soviet Union does not lie in the chance to process an ever-growing volume of Soviet propaganda but rather in access to sources of real information which does not necessarily prove that the Soviet Union has achieved the millenium.

A truthful picture of the Soviet Union can only emerge if Westerners are able to speak to Soviet citizens freely without the latter suffering harrowing retribution. This is why Mr Nikitin's present ordeal in a locked hospital in a closed city raises important issues for the West, even beyond the fundamental question of one man's life.

Letters to the Editor

...ncil financing is either invisible or unfair

...r M. Slavin

—I read with dismay that ...airman of the Inland ...e Board has told MPs ...al income tax cannot be ...ced "this decade." We ... bear in mind that the ...ans put a man on the ...n that time!

... the years I have watched ...elopment of increasingly ... varieties of what can ...e described as "tax ...g" schemes: it seems ...al government can only ...uately financed provided ... is very clear who is ...r paying.

...we have come to the ...: one side holds that it doesn't matter how much is spent, because most of it is "washed," or provided by non-voters; the other side holds that elected councils are not fit persons to raise tax. And all because local government finance is either invisible or unfair. If local government cannot finance itself, we should abandon it before it dies. (It is hard to tell at the moment whether it is committing suicide or being executed.)

Income tax, tied directly to ability to pay, is the fairest of all taxes. But its most important effect is that its high visibility and unpleasantness brings with it full democratic accountability, and it is the absence of this which is the underlying cause of the sickness of local government today.

If a government came to power at the next election dedicated to the decentralisation of power, and took the view that local income tax was the way to do it, surely it would not allow the Inland Revenue to smother it? If the Inland Revenue couldn't produce the necessary systems to a reasonable timescale, surely another agency (not necessarily public) could?

Michael V. Slavin.
30, Greenholm Road, SE9.

...ndamental causes of friction with Malaysia

...Mr C. Meynell

—Little enough attention ...en paid to date to the ...ental causes of the ...ian Prime Minister's ...ms of Britain and things ... If we are really keen ...ndle a relationship, we ...ook behind the events of ... months. An objective ...ent will show that Dr ...ir's words are perfectly ...ble, not only to provide ...ic encouragement, but ...o draw attention and ...t a cure of a British ... He diagnoses, if I read ...rrectly, a disease of the ...one of attitude, adopted ... frequently, ... too ...singly and too com- ...ly by Britain with her ...nies—and perhaps with ...eveloping world as a

... specific aggravations— ...alia students fees, our ... Commissioner's com- ... Guthries and Dunlop— ...ications of a deep seated ...g sore. Collectively and ...s even in isolation, these ...t comment. As it is Dr ...ir is clearly deeply ...d, and this will too easily ...er to effect the attitudes ... compatriots to our long ...etriment and loss. Those ...with some experience of ...utiful country are dis-

We must make every ...o repair the breach. Can- ...ns of visits by Chambers ...merce and other bodies ...ly aggravate further— ...larly in the context of ...ia's aspirations to attract ... investment. Britain, ... criticism, is constantly ...ng in Malaysia. Com- ... already operating there ... investing earnings—pro- ... additional employment, ...nomic expansion—earn- ...ailable for reinvestment anywhere. But the decisions are taken to use the funds in Malaysia without publicity.

Practical proposals have been made to deal with some of the specific issues. Of these the student fees question has the greatest significance in the long run. Britain has in Malaysia real friendships—many of which owe their origins to student days. Unless the British Government acts with clarity of vision on this question, such friendships will not be created for tomorrow to provide a foundation for continuing commercial and cultural partnership. Education of overseas students is without question a long term investment. It is in its way an important contribution in the context of the north south dialogue.

The main theme, however, is one relating to British attitude. We ought to be grateful for Dr Mahathir's challenge. It is an opportunity to be constructive. Surely the relationship between our two countries is sufficiently strong to withstand criticism and surely there is in both an eagerness for real equality in our friendship.

Only a month ago in Jakarta, British and Indonesian Ministers referred to the 1980 textile dispute and how its solution had awakened mutual understanding and enhanced our relationship. Admittedly this was a matter of reasonably clear cut dimensions. The Malaysian unhappiness, however, goes far deeper. It is an unhappiness with a lengthy gestation period and is a result of the past colonial relationship, and attitudes that are today totally inappropriate — even if they ever were.

Let us now, Malaysian and British alike, use this opportunity. Let us in Britain be sensitive to Dr Mahathir's feelings and aspirations and be prepared to swallow our pride. Our ambassadors from the commercial, political and diplomatic circuits must make every effort—however uncomfortable the process—to understand what Dr Mahathir is trying to achieve. For the British it is our attitude that requires the most urgent attention. A practical and immediate demonstration to Malaysia of our real feelings is vital to reverse this descent into an abyss in which Britain and possibly Malaysia too would be the poorer.

Christopher Meynell
The Agents House,
Easton, Woodbridge,
Suffolk.

Shareholders are to blame

From Mr D. Green

Sir,—I read with great interest the current comment on the performance of the Imperial Group.

At the end of the day, it is the shareholders who suffer but in this case, it is the fault of the shareholders themselves (especially the institutions).

At the time of the Howard Johnson takeover, during the EGM to sanction the deal, there was ample opportunity to throw out the board's over-optimistic proposals, but the institutions allowed themselves to be swayed by the board's enthusiasm which was contrary to all newspaper advice and innate common sense, and now have only themselves to blame.

David Green,
Greenbrook Securities Limited,
North West House,
119/127 Marylebone Road, NW1.

Influence on TV programmes

From the vice-chairman National Consumer Council

Sir,—Do viewers really want chocolate manufacturers to influence the content of the programmes that they watch? I have the greatest admiration for Mary Whitehouse's vigorous representations (Marketing page November 12) on behalf of viewers who want less violence and sexual acrobatics on the screen. But to enlist advertisers on behalf of a special plea is an innovation which the Independent Broadcasting Authority should strongly resist. It must be in the general consumer interest that advertisers stick to advertising their products and are positively prohibited from influencing programme-makers. Advertising boycotts might start in the alleged interests of some viewers, but could end in the most detestable form of censorship, unrelated to consumer interests.

Mrs Joan Macintosh.
National Consumer Council,
18, Queen Anne's Gate, SW1.

Small businesses and the CBI

From the Director for Smaller Firms, Confederation of British Industry

Sir,—Mr E. R. Chalker (November 9) accuses the Confederation of British Industry of appearing "to share the complacency that is evident in other quarters" about gearing in small businesses. The article which prompted his letter, and the CBI's publication, "Smaller firms in the economy," on which the article was based, are both straightforward statements about the complications which surround the arguments. The CBI has dealt with facts, not opinions. It is difficult to understand therefore on what the accusation of complacency is based.

Mr Chalker highlights specific cases where small businesses have got into difficulties. The CBI article on which he was commenting was not proposing solutions to the problems of business, but was an attempt to help one particular aspect to be more clearly understood.

If he cares to examine the CBI's representations on the financing and taxation of small businesses, he will find that far from being complacent we are militant in their interest.

Sonia Elkin.
Confederation of British Industry,
Centre Point,
103, New Oxford Street, WC1.

Unilever 19% higher third quarter

A BETTER overseas performance and improvement by the chemical and animal feeds business in Europe helped Unilever to push combined pre-tax profits ahead by 19 per cent in the third quarter of 1981, for an overall advance for the nine months of 24 per cent.

Stated earnings per share for the third quarter jumped by 50 per cent.

	Nine months 1981 £m	1980 £m
External sales	8,487	7,457
PLC	3,548	3,194
N.V.	4,939	4 263
Operating profit	558 7	447.4
Share of associates	36.4	29.6
Trade invest. income	1.5	1.8
Interest	53.2	41.2
Pre-tax profit	543.4	437.6
Tax	219.4	211.9
Minorities and pref.	19 7	17.8
Attributable*	304.3	207.9
Exchange gain	26.1	
Leaving	330.4	207 9

* At December 31, 1980 exchange rates.

The net interim dividend from Unilever PLC is being stepped up to 9.96p (8.94p) with an equivalent value payment by Unilever NV, under the terms of the companies' equalisation agreement, of Fl 4.44 (Fl 4.16).

The combined taxable profit for the nine months was £543.4m (£437.6m) with a rise from £150.6m to £179.3m coming in the third quarter.

Sales for the three months were 13 per cent up at £2.85bn (£2.52bn) for operating profit to show a 21 per cent growth to £187.8m (£155.6m). Sales volume increase for the quarter was 1.5 per cent.

Tax for the three months was marginally higher at £72.4m (£71m) enabling the attributable balance to show a 37 per cent increase to £99.8m (£72.9m) at December 31 1980 exchange rates, or a 50 per cent increase to £109.1m (£72.9m) at 1981 exchange rates.

Stated earnings per share emerged up from 19.63p to 29.37p for the quarter and 88.95p (55.97p) for the nine months.

During the quarter in Europe, most consumer product groups performed satisfactorily, the directors say. Profits of the margarine and detergents *businesses were little changed* and sundry foods and personal products improved their results.

However, ice cream again suffered from poor weather conditions and results of frozen foods were also disappointing. In the chemical and animal feeds businesses results improved, but those of transport and oil milling division were lower than last year.

In North America, operating profit was higher than in 1980. UAC International's results were at about the same level.

Most companies in the other overseas countries continued to show profits considerably above those in the corresponding quarter of 1980.

Taxable profit for the three months included a share of associates at £10m (£8.5m) and *£0.8m (£1.2m) income from* trade investments. Interest took £19.3m (£14.7m).

See Lex

HIGHLIGHTS

Lex looks at the third-quarter figures from Unilever, where pre-tax profits are up from £150m to £180m. The running is still being made by the developing countries, though Europe put up a fairly resilient performance and Lever in the U.S. is showing some improvement. The column then moves on to look at the disappointing half-time figures from Tesco where volume is still under pressure. Lonrho has bought *the other half of Princess Properties for $100m just* as the monopolies report on the House of Fraser bid moves across to the Ministers. Also in the news is the interim report from Savoy Hotel which has produced a larger loss. *Finally the column examines the cheeky bid by Greycoat* Estates, largely in shares, for the bigger property company, City Offices.

Tesco rises and tops up interim

PRE-TAX PROFITS of Tesco Stores (Holdings) improved from a restated £13.8m to £14.6m for the 24-week period ending August 15 1981 and the net interim dividend is being increased marginally by 0.1p to 1.1p per 5p share—for 1980-81 a final of 1.55p was paid.

The comparable profit figure was increased by £2.4m in accordance with a change in accounting policy relating to treatment of discounts from suppliers as outlined in the 1981 report. The change only affects the split of profits between the two halves of the year—profit for the 1980-81 year remains unaffected.

The taxable surplus for the 24 weeks was struck after net interest payable, down from £7.1m to £4.3m, and depreciation of *£10.5m (£8.5m).*

Tax took £5.5m (nil) and after a profit of £9.3m (nil) from the sale of surplus properties and *dividend payments of £3.7m* (£3.3m) the retained balance emerged at £16.7m, compared with a restated £10.5m.

The directors says the rise in turnover was modest but this was anticipated as they sought to increase gross margins relative to the corresponding period of the previous year.

Gross margins improved as a result of the product mix and an advance in own-label sales and the group's prices continued to *be highly competitive, as in*dicated by regular AGB surveys.

It is pointed out that the improvement in labour productivity was maintained but expenses beyond the group's control, including rates and energy, increased substantially ahead of turnover.

The decline in interest charges was mainly due to lower levels of borrowings compared with the preceding year. The directors explain that despite the substantial development programme, borrowings were contained due to a further improvement in stockturn and also by the sale of investment land and properties *surplus to require*ment which to date has realised £17m.

In accordance with group *strategy for longer term develop*ment selling area has continued to increase. By the end of the current year, 16 new stores will have been opened which, together with extensions, will add 540,000 sq ft of new selling area.

By the midyear seven new stores had opened which with extensions brought the total to 250,000 sq ft of new selling area.

Thirteen new stores are scheduled to open in the financial year 1982-83 and together with extensions will add some *500,000 sq ft to selling area.*

The first installation of electronic point of sale equipment is due to go live in January and the system will be installed in a further 15 large stores by next summer.

Current cost accounting reduces the pre-tax profit for the 24 weeks to £13m, compared with a restated £11.6m.

See Lex

SPAIN

November 17	Price %	+ or −
Banco Bilbao	334	−2
Banco Central	345	
Banco Exterior	314	−6
Banco Hispano	324	−6
Banco Ind Cat.	117	
Banco Santander	383	
Banco Urquijo	217	
Banco Vizcaya	363	−3
Banco Zaragoza	220	
Dragados	185.5	+4 5
Espanola Zinc	68	−1
Fecsa	71.7	−0.3
Gal. Preciados	40	+2
Hidrola	82.5	−0 2
Iberduero	59	−0.5
Petroleos	100.7	−1.8
Petroliber	82	
Sogefisa	47	
Telefonica	77	−0.5
Union Elect.	76	−2.2

A and G Security for USM

A and G Security Electronics will be joining the unlisted securities market next Monday following a placing by stockbrokers Henry Cooke, Lumsden of 1m shares with its private and institutional clients.

The placing, at 80p a share, *has raised £804,000 before* expenses, some £600,000 of which will go to Mr Gerard McNamara the controlling shareholder.

Mr McNamara says that A and G is the largest UK manufacturer of burglar alarm panels with an output of 30,000 units a year, mainly for residential use.

A third of the company's output is sold as "own label" products to other security companies.

The company's profits have grown from £4,000 in 1977 to £314,000 in the 12 months to July 1981. The directors are forecasting that profits in the current year to July 1982 will be not less than £420,000. On this basis the directors intend to pay a dividend of not less than 1.75p per share.

At the 80 placing price A and G is coming to the USM on a fully taxed prospective p/e of 20 and yield of 3.1 per cent.

This is Mr McNamara's second involvement running a public company. He was joint managing director of Granley Security Group which went public in 1972 and was later acquired by Chloride.

It had been hoped to bring A and G to the USM late in September but the placing was held up when the market collapsed.

Somic returns to profits at six months

A return to pre-tax profits was shown by Somic, kraft paper spinner and weaver, for the half year to September 30 1981. The taxable result moved from a loss of £53,543 to profits of £8,772, on higher sales of £1.22m compared with £1.18m previously.

"The priority for the next six months is to increase sales while maintaining the economies which *have already been made," says* Mr W. H. Edwards, chairman. He believes that the company is in a good position to ensure that the planned increase in sales will result in more profitable trading.

Product and mechanical developments made over the last six months will shortly be coming on stream and the company should start to feel the beneficial effects before the end of the current year, he states.

The general reduction in the value of the pound is making the company's products more competitive in overseas markets and several sales trips have been planned, which it is expected will make the most of the new climate.

There was no interim dividend (same) and earnings per ordinary 25p share were given as 0.2078p against losses of 2.677p.

At the trading level a loss of £7,376 was incurred, against a deficit last time of £68,755. Net rental income rose from £15,212 to £16,038. There was a charge for taxation of £4,504 (nil).

Decline at Atlanta Baltimore

Pre-tax revenue of Atlanta, Baltimore and Chicago Regional Investment Trust fell from £75,622 to £64,473 for the year to September 30 1981.

Gross revenue of £138,352 (£137,984) included interest received of £16,767 (£17,730), and the taxable result was struck after expenses of £73,879 (£62,342). Tax took £25,867 (£32,837), leaving the net balance at £38,606 (£42,785) and stated earnings per 10p share down from 1.43p to 1.29p. The dividend, however, is held at 1p net.

YEARLINGS DIP

The interest rate for this week's issue of local authority bonds is 14⅞ per cent, down by one quarter of a percentage point from last week. The bonds are issued at par and are redeemable on November 24 1982.

A full list of issues will be published in tomorrow's edition.

Savoy loss rises: outlook brighter

Savoy Hotel group, which earlier this year fought off a £67m takeover bid from Trust-house Forte, yesterday revealed *an increased loss before tax of* £1.27m for the first half of 1981, compared with a deficit of £837,000 in the same period of 1980. For the whole of 1980 the group—which includes the Savoy Hotel, Claridges, the Connaught and the Berkeley—showed a pre-tax loss of £1.79m.

Mr Donald Durban of Trust-house commented last night that the results were "what we said all the way along." He said he was "*not surprised*" by the Savoy result.

Savoy also announced yesterday that Mr Willy Bauer, executive director and general manager of Trusthouse's Grosvenor House was to become general manager of the Savoy on January 4. Mr Durban had no *comment to make on this move* but he said it was not a move promoted by Trusthouse—Savoy's largest shareholder with around 38 per cent of the votes.

Asked about renewing Trust-house's bid for the Savoy Mr Durban said that the group still had over six months before it needed to make up its mind.

When fighting off the Trust-house bid Sir Hugh Wontner chairman of Savoy said that the bid "fails to recognise the true value of the hotels. It seeks to make use of a setback in the company's trading to gain possession of the company's assets."

However the company says that currently all its hotels, notably the Savoy, are trading at a profit and it is likely that the second half results will be "in marked contrast with the first *six months."*

At the trading level the surplus was down from £1.53m to £1.45m before general maintenance costs, again at £1.8m. Interest charges took £628,000 (£607,000).

Sir Hugh Wontner, the chairman, says that business in the second *half of the year is, so far,* very much better, and, unless there is something to cause a downturn in the remainder of the year, the second half should show a distinct improvement. This was noticeable even in July, despite the fall in the number of visitors to the UK.

It is expected that next year will be substantially helped by the receipt, before this year ends, of £6,475,000—mainly the proceeds of the sale of the Strand frontage of the Savoy, other than Simpson's.

This will enable the remaining loan of £4m arising from the re-*building of the Berkeley to be* re-paid, saving, at present rates of interest, some £620,000 in a full year. The balance available will reduce bank overdrafts and bank interest and will provide extra funds to make further effective improvements at the Savoy, now more manageable in size, and easier and less costly to maintain, the chairman explains.

Commenting on the first half Sir Hugh says: "It has to be borne in mind that, for three out of first six months, determined efforts were being made by another hotel organisation, Trust-House Forte, to decry in particular the Savoy, whilst at the same time making every effort to acquire it, together *with the rest of the company's* very celebrated and successful undertakings. Continuous publicity on this account was not very helpful."

In the hotels and restaurants of the Savoy group, the experience was mixed but, taking the London establishments together, *the company suffered a progres*sive decline in business in first five months. This was exceptionally severe, even allowing for the fact that in prosperous times the first quarter is never profitable, and the first six months often disappointing. Only in June was there any improvement, the chairman reports.

As a measure of the unfavourable conditions in which London hotels *have been trading,* he points out that, even in the month of the Royal Wedding, the number of visitors to this country declined by 1 per cent. Over the whole six months overseas visitors were down 8 per cent.

Half year taxable profit was struck after depreciation of £[illegible] amortisation of £[illegible] (£273,000) and including dividends and interest received unchanged at £21,000.

See Lex

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Acrow	int.	Nil	—	Nil	—	0.7
Atlanta Baltimore		1	Jan 8	1	1	1
GEI	int.	1.76	Jan 21	1.76	—	5.3
HAT Group	†int.	1.35	Feb 26	1.25	—	2.5
Higsons Brewery		2.55	—	2.55	3.25	3.2
LCP Holdings	int.	1.8	Jan 4	1.8	—	4.3
MY Dart	‡2nd int.	1	Jan. 5	1.9	—	2.9
Readicut	int.	Nil	—	—	—	0.1
Somic	int.	Nil	—	Nil	—	1
Tesco	int.	1.1	Mar 1	1	—	2.6
Whitbread Invest.	int.	1.6	Jan 8	1.45	—	—
Young and Co.'s.	int.	3	Dec 4	2.5	—	5.2

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 18 month period interim already paid. § Includes 0.25p bi-centenary bonus.

MY Dart drops to £232,000 at 12 months

FOR THE 12 months ended June 27 1981, *out of an 18 month* period, taxable profits of MY Dart dropped from £1.23m to £232,000 from turnover slightly ahead at £21.34m against £20.84m.

Although boosted by a higher tax credit and lower extra-ordinary debits, attributable profits at £368,000 (£1.18m) included a £73,000 loss—the consolidated adjustment for balance of results of Marcosports SARL, which became a wholly-owned subsidiary last January 15.

Mr S. Marks, chairman, says that on the trading front, there is some improvement, but, while exchange rates remain volatile and interest rates high, and with public sector costs increasing rapidly, "it is impossible to make meaningful forecasts of profitability."

In most of the group's activities, however, market share is being gained and he feels that efforts made will "yield their just reward."

Prospects for the remainder of the 18 months will be affected, he states, by the substantial re-*organisation carried out during* the 12 months and since.

"A principal objective has been to reduce or contain costs wherever possible and some of the changes affected are already producing the hoped for benefits."

The directors explain that the six months to June last saw the worst trading conditions experienced by the group. All divisions suffered, but the packaging side most of all.

An analysis of turnover and pre-interest profits, £724,000 (£1.63m)—after depreciation of £734,000 (£630,000)—shows: sporting and leisure equipment £9.93m (£10.49m) and £376,000 (£935,000); packaging £8.23m (£8.67m) and £25,000 loss (£552,000 profit); pyrotechnics £3.18m (£1.7m) and £573,000 profit (£144,000).

In pyrotechnics the substantial capital and marketing expenditure incurred with the object of increasing involvement in export markets for commercial pyrotechnics began to bring benefits, but sales and profitability were hampered by delays outside group's control, the directors state.

"There is a second interim dividend of 1p making a total so far of 2p in respect of the 18 months period. A total distribution of 2.9p was paid for the 12 months to June 1980.

In considering the second interim the directors had regard to the £278,000 profit realised since June 27 last, on the sale of an investment property. They say that consideration of a final payment will be given when results for the 18 months are available.

Separate figures are given for Marcosports SARL, for the nine months ended June 27: turnover was £2.76m and pre-tax loss £90,000. The loss on consolidation (£73,000) was after a £17,000 pre-acquisition adjustment.

The directors say the acquisition of further shares in this French concern giving MY Dart complete control, should enable it to be developed without "unsatisfactory exposure on borrowing guarantees."

The group's organisation in the U.S. is now firmly established, they add, and extension of the range of activities is being put into effect as originally planned.

Activities of two factories have been re-located and the group has exchanged contracts for the sale of one building for a consideration of £130,000 as a result of which occupancy and other costs have been reduced.

Another factory is under offer to lease or to purchase, directors state, having been vacated to concentrate operations in other buildings on the same site.

The group continued to operate well within its borrowing facilities, directors say. Shareholders' funds have been fully maintained, at £12.03m, and they expect that a revaluation of properties next month will produce "a not insignificant addition to aggregate values."

Basic earnings per share are shown as 2.24p (7.88p) and 2.09p (7.31p) fully diluted.

● **comment**

M. Y. Dart has experienced worst ever trading conditions this year; pretax profits have fallen by 81 per cent after interest payments of almost £500,000. The only loss maker was packaging division (£25,000 in the red). To cut these losses the company has sold one of its factories and introduced short time working. The pyrotechnics division has also done less well than expected. The only bright spots appear to be bikes and darts, where sales are holding up well. Marcosports which made a pre-tax loss of £90,000, brings the company has been involved in a major re-organisation and expects an improved performance next year. The shares, down 1p to 34p, still yield 8.7 per cent after a cut of almost one third in the dividend.

Acrow loss reduced and orders at record level

LOSSES OF engineering group, Acrow, have been reduced from £2.68m to £1.94m for the half-year to September 30 1981. Turnover rose by £6.58m to £76.42m, of which exports accounted for £50.39m, against £41.03m.

Outstanding orders at the end of September amounted to £63.5m (£58.1m)—the highest in the group's history and Mr W. A. de Vigier, the chairman, says the outlook for sales is of continuing growth.

He *confirms his statement* made at the annual meeting that the group should return to profitability during the second six months.

The chairman adds that with the group's many new product lines and acceptance of them, the export-based recovery is expected to continue in 1982-83.

The group is again omitting the interim dividend, following the payment in 1980-81 of a final of 0.75p.

Results included *lower re*dundancy costs of £204,000 (£509,000).

● **comment**

Acrow's shares have had a notably good run lately, propelled by exchange-rate considerations, the appointment of a new chief executive, and extensive market ventilation of the group's recovery potential. *Although there has been a* marginal relapse this week, the "A" shares at 39p remain 56 per cent above their summer low; Acrow is capitalised at some £25m. Signs of the recovery are so far little more than hints. Sales in the UK are off by a further 10 per cent and, although that decline is comfortably outweighed by the rise in exports, interest charges remain the decisive element in the calculation. Orders have *responded to a more favourable* level of sterling—to some extent reflected in the stated value of export business, as well as in higher volume. Acrow is taking a more discriminating attitude to margins than last year, when overhead-recovery was the primary goal. As the later contracts begin to come through, there are hopes of reaching break-even before the year-end. But increased activity, accompanied by higher working capital *needs, will presumably intensify* the pressure on Acrow's balance sheet.

Polymark suspended

Polymark International, the laundry and textiles machinery manufacturer, suspended its shares yesterday at 59p, down 4p on the previous close and a new low for the year. The company said only that the suspension followed "the discovery of financial discrepancies at its German associate company, *Adolf Dreher K.G."*

Dreher, a laundry engineering business, is a West German limited partnership in which *Polymark has a 51 per cent* stake. The general partner in Dreher, however, holds an option whereby he can require Polymark to purchase his 49 per cent at the end of 1983.

Polymark's shares have this year from a high of [illegible]. Pre-tax profits for the year to December 31 last fell to £665,000, against £1.58m, including £85,000 (£122,000) from German associate.

Mr Peter Meyer, the company chairman, said in the annual report released in August that he was "reasonably confident" of improved profits for 1981, particularly in the second half.

But he told the annual meeting *in September that a* loss had been made in the first half and that profits for the whole year were expected to be down.

eadicut on recovery ath but no payment

IVE ACTION by International's management chiefly responsible for ry from loss at the vel by the group for year to September 30 ith interest costs little his maker of rug kits ialist textile products to cut the pre-tax loss x months from £1.62m 0.

r no interim is being the board is leaving a on the final until the sults and the medium-look for the economy ndustry are known. Last single payment of a 0.1p net compared with or 1979-80.

J. F. Croset, the chairs there has been no de change in trading s since his statement in en he said that they difficult in the UK and upturn in demand was

y generally continues at el. The one exception in car carpets where call-offs have con- to a recovery at Firth gs.

ere in the UK sub- benefits of rationalisa- improved controls on capital and overheads inning to show but eorganisation is under- lappies and Plasticisers.

Sales for the half-year rose 10.9 per cent to £43.98m with sales outside this country representing 39.2 (33.6) per cent of turnover. The increase in sales was attributable to the recently acquired Bloomsburg Carpet Industries and Carpets from London in the U.S. and higher despatching by Regal Rugs.

The more favourable value of sterling has encouraged equiries and orders from overseas but most markets remain flat.

The outlook for the full year will continue to be influenced largely by the level of demand and the value of sterling, the chairman says. Even so the directors are looking for a continuation of the improving trend for the rest of the year.

The trading profit for the six months was £293,000 (£744,000 loss) after depreciation up from £1.31m to £1.46m and before interest of £888,000 (£877,000).

Tax took £41,000 (£87,000 credit) and, with extraordinary costs absorbing £754,000 (£935,000), the attributable loss emerged at £1.39m, against £2.47m.

Capital spending during the six months was lower at £1.37m, compared with £1.5m. On November 6 last Readicut Wool (Shops) Company was sold for £257,000 including settlement of outstanding loans.

The extraordinary items comprised mainly a translation loss of £293,000 (£43,000 gain); a £334,000 (£219,000) goodwill write off; £154,000 (£794,000) reorganisation and redundancy costs.

● **comment**

Readicut's return to profits is now predicted for the full year. Improvements in the first half are expected to be bolstered by a seasonal pick-up during the second. Unlike most UK carpetmakers, Firth is now contributing to profits. This is largely thanks to car carpet which have turned round a £400,000 loss into a profit of the same order. Losses in the U.S. have been just about eliminated, although a $2.8m loan to finance the purchase of Bloomsburg has pushed up the company's interest bill. Snappies, the company's major trouble spot, kicked in more than a £½m of losses this time and is apparently adrift in the competitive kitchen products field. Further reorganisation at Snappies — and Plasticisers, which is beginning to look up —will probably knock off £300,000 below the line for the full year. Although the balance sheet is not stretched, borrowings are up £2m in the six months and undoubtedly, income gearing for the full year will be towering. Still, the shares, unchaned at 16¼p, well discount these problems. The market capitalisation is £12.7m.

AT sees full year increase

IE half year ended 1 1981, taxable profits of up moved ahead from £2.39m and directors ull-year's result should e £4.81m for 1980-81.

annual report directors group should be able ue the progress made, eve a modest improve- the current year.

six months' earnings (2.72p) per 10p share, rim dividend is in- o 1.375p, against 1.25p— 's total was 2.5p.

er of the group, which specialist services and advanced by £2.5m to d profits, which were ter interest unchanged were subject to tax of £901,000, compared with £814,000.

After minorities of £19,000 (£4,000), the profit came through at £1.47m (£1.32m).

● **comment**

By building industry standards an 11¼ per cent half time profits increase is pretty good going, by HAT's recent experience it is sluggish. But it will not stop the group achieving at least £5.8m for the year—the 20 per cent gain that has become the norm. The second half will have a couple of exceptional factors on its side. There will be the first full six month contribution from Leada and investment income on the £7.4m rights money raised at the end of the interim period. Leada's vendors warranted profits of £583,333 for the 14 months to February 1982, implying say £250,000 pre-tax for the current six months before financing costs on the £2.7m cash part of the purchase price. HAT is still sitting on its rights money plus a bit more. It is just a matter of time before a sizeable acquisition is made, perhaps in the maintenance or cleaning areas. Something overseas might slot in well though a domestic purchase looks more likely this time round. The shares held steady yesterday at 66p for a yield of 6 per cent and fully taxed prospective multiple of around 13—a rating which sums up HAT's strengths.

Crowther cuts back losses

ED with second half £916,000 last year, John Group, woollen textile urer, incurred a tax- ,000 deficit for the first ths of 1981, although against a break-even ofit previously.

alf figures included a wer profit on the sale assets of £28,000, com- th £389,000.

evor Barker, chairman, high losses of 1980 con- to the early part of the ear and the full effect to increase manufac- ficiency were not felt r June 30.

He states that the company has recently operated profitably although, with widely fluctuating demand, it may not be possible to sustain these profits throughout the remaining months of the year.

In May, the directors said the group was budgeted to return to profitable trading in the second half of 1981.

"The results of our efforts to date enable us to have confidence in our performance in 1982."

Turnover for the six months was down from £2.39m to £1.72m, and trading loss amounted to £161,000 (£225,000).

Pre-tax loss was also after bank interest of £94,000 (£160,000) and subject to tax of £2,000 (same). After preference dividends of £5,000 the attributable deficit was £234,000 against £3,000.

Loss per share is given as 6.5p, compared with 0.1p.

Grant approval for the proposed plant re-siting was not received until early November, the directors state. In addition to the operating benefits which will ensue from this move, further properties will become available, they say.

Following the alteration and refurbishing of old and unused parts of group properties, it has successfully leased some units and is in the process of leasing and selling others.

C Oil makes steady progress

EASE of £49,085 to a £165,491 in pre-tax reported by ICC Oil formerly the Rollo tes of Ceylon, for the to September 30, 1981. of this company, which s in servicing on and il and industrial instal- mproved from £927,897

ares of the company en traded on the Unlisted Securities Market since June this year.

As previously reported, it is the intention of the directors to commence the payment of dividends as soon as practicable. However, in considering such dividend, recommendation in respect of the year ending March 31, 1982 regard will be had to the necessity of eliminating the deficiency on the revenue reserves of the company arising from the old business of Rollo Tea Estates.

The board is satisfied that results for the year will be on target.

Tax for the first half was up from £55,875 to £79,436, and stated earnings per 10p share are higher at 0.36p (0.25p). No adjustment for pre-acquisition profit has been included in these figures.

od liquid tion at od Hall

annual review of the year to June 30 1981 Mr Richards, the chairman Hall Trust, says the liquid position is good g into account its avail- unused facilities it is to undertake expansion sitions.

ng to the results he t that if the building had shown a nil result e had been no extra- credits group pre-tax ould have been £11.11m. profits for the 12 months from £9.76m to £4.07m ed on October 31.

airman says that the UK divisions were all by the increasing n and suffered sharp However he says that tralian companies both substantial profits and benefit of the improved ng situation made ly higher contributions profit and helped to he serious loss of the division.

of the contracting s, Fairweather South, a loss of £7.56m which excess of the building as a whole. This com- to be discontinued and includes a substantial for losses on its contracts up to the dates of completion.

airman warns that of emaining businesses in ling sector Fairweather will almost certainly setback in its profits hards concludes that as s up to completion of nding contracts of Fair- South should be covered ovision made the results group for the current ould be substantially compared with those 31.

Expansionist programme maintained at Wm. Low

THE Scottish supermarket group, Wm Low and Company, is pursuing its expansion and re-investment policy over the coming year, with an even more vigorous programme to contain costs and enlarge its market share, says Mr J. Philip Rettie, the chairman in his annual report.

As known, pre-tax profits were down from £2.24m to £1.32m in the year to September 5, 1981, but turnover increased 15 per cent to £108.66m. Commenting on these figures, Mr Rettie says fixed costs, particularly energy, local rates and interest charges are severely cutting into profits.

He says MacTatties fast food units were not a success, and speedy action was taken at the year-end to close them. "In retrospect," he adds, "it is clear that our entry into this market was unfortunately timed, and we have had to write-off £775,355."

A provisional agreement has been reached to assign the lease of one of the properties and it is the group's intention to dispose of the other as soon as possible.

The balance sheet shows fixed assets of £14.46m (£12.35m) at September 5. Bank overdrafts were up from £1.04m to £2.9m, and creditors stood at £8.31m (£6.8m). Shareholders' funds were £8.72m (£8.28m). Meeting, Dundee, December 16, at noon.

Australia Investment offer oversubscribed

The offer for subscription of 5m ordinary 50p shares of New Australia Investment Trust has been oversubscribed.

As announced last week, clients of Vickers da Costa, brokers to the offer, have taken up 3m shares and applications for 2.85m shares have been received for the remaining 2m.

Applications for up to 1,000 shares will be allotted in full and those for more than 1,000 shares filled as to 63 per cent with a minimum of 1,000 shares. Dealings begin on November 23.

RESULTS AND ACCOUNTS IN BRIEF

BURNDENE INVESTMENTS (caravans and mobile homes, hosiery and property)—Results for year ended May 30 1981 and prospects reported November 6. Group shareholders' funds £2.81m (£3.16m); fixed assets £4.19m (£4.41m); net current liabilities £0.85m (£0.43m assets). Net inflow of funds £1.48m (£2.22m outflow). Auditors again qualify accounts in respect of validity of property valuations effected by the directors. Meeting, Edinburgh, December 10, 10.30 am.

A. BECKMAN (textiles)—Results for year to June 30 1981 reported on October 13. Shareholders' funds £6.14m (£4.79m); fixed assets £3.92m (£1.79m), including investment properties £2.26m (nil); net current assets £3.8m (£5.09m). The chairman's emoluments increased from £25,365 to £35,365 and those of the highest paid director from £25,880 to £35,860. Chairman says current trading reflects signs of a marginal upturn, but no substantial change can be expected until the adverse conditions affecting the retail sector show significant improvement. Meeting, 111-113, Great Portland Street, W, December 10, at noon.

IRISH GLASS BOTTLE—Pre-tax losses I£0.63m for 53 weeks to June 30 1981 (£1.97m restated—for 52 weeks). Turnover £27.72m (£27.13m). Loss per share 4.25p (21.56p earnings). Final dividend 2.35p (4.705p total). Fixed assets £18.59m (£11.37m); net current assets £6.72m (£6.3m). Decrease in net liquid funds £2.64m (£1.22m). Meeting, Dublin, December 8, noon.

Young's Brewery tops £1m

A JUMP in taxable profit from £729,835 to £1.07m is reported by Wandsworth-based Young and Co's Brewery for the half year to September 30, 1981.

The net interim dividend is being stepped up from 2.5p to 3p. Last time a 3p final was paid from pre-tax profits of £1.56m.

Sales for the six months rose from £11.84m to £14.11m.

Sales of all the company's beers were up by 1.9 per cent, though John Young's London lager, introduced in 1980, was up by 52 per cent.

But Mr John Young, the chairman, warns: "You must remember that the half-term profit last year was 22 per cent down on 1979, so we are only just making up lost ground.

"The increase in lager sales is a fantastic success, however. This comes at a time when the big brewers are reporting a drop in lager sale."

Young's traditional draught beers still account for the vast majority of production at Wandsworth, and brewing capacity has recently been increased by the opening of a £5m brewhouse.

Higsons grows to £1.76m

TAXABLE PROFIT of Higsons Brewery improved from £1.66m to £1.76m for the 53 weeks to October 2 1981 on external sales up to £26.1m, against £23.1m.

Stated earnings per 25p share were 3.31p higher at 14.44p and a net final dividend of 2.85p pushes the total up to 3.25p (3.2p including a 0.25p bi-centenary bonus), which absorbs £329,108 (£324,045).

Trading profit reached £1.69m (£1.49m) before investment income and net interest received of £65,865 (£103,905) and profits less losses on sale of fixed assets of £3,111 (£68,415).

Tax took £296,000 (£535,000).

A revaluation of certain fixed assets has thrown up a surplus of £285,077 over book value.

At half-time profit had been little changed at £636,333 (£613,147) and the directors warned that profits would be put under pressure in the second half.

Substantial rise seen by L & P Shop

Profits in the current year at **London & Provincial Shop Centres (Holdings)** should be substantially higher than for the year to June, 1981, as a result of the reduction in borrowings following the £3.15m sale of Fountain House and a major rent review, the directors state in their annual review.

Because of the regular rent review pattern on the company's investment properties, future rental growth should be ensured and therefore mitigate the effect of current high interest rates, the directors say. Continued increases in rental values and profits from a new development programme should ensure the growth of assets per share.

As already known, taxable profits for the 1980-81 year rose from £488,000 to £654,000. After tax, earnings per 10p share were 4.44p (3.69p) and the dividend is being stepped up to 2.4p (2p) net with a final of 1.8p. Net assets per share reached 577p (480p).

Rental income from investment properties rose from £2.2m to £2.9m for the year. Annual rental income as at June 24 1981 was £3.1m and it is estimated that the annual rental income will be increased by £1.4m over the next 10 years from rent reviews, based on current rental values.

Little change midway at BET Omnibus

Taxable profits were slightly down at BET Omnibus Services from £2.96m to £2.69m for the half year to September 30 1981. Turnover was higher at £35.37m compared with £30.21m last time.

The company is a subsidiary of the British Electric Traction Company and is a holding company in plant hire, transport, mining and engineering.

Pre-tax profits were struck after lower interest charges of £1.81m (£2.09m) and were subject to higher tax of £1.27m (£1.01m). After a debit for minorities of £19,000 (nil) and a nil credit for extraordinary items (£25,000) the attributable profits emerged lower at £1.4m (£1.97m).

The interim dividend was 2.5p (same) and the earnings per share before extraordinary items were given as 15.09p (21.12p) and after extraordinary items as 15.09p (21.4p).

Channel Tunnel investments

Taxable profits of **Channel Tunnel Investments**, which has participated in the long series of studies into the feasibility of such a link, moved slightly ahead to £6,336 in the six months to June 30 1981, against £6,215.

This was on income of £9,513 (£8,961) after interest of £301 received—an almost complete erosion of this source from the previous £4,445. Administrative expenses rose from £2,746 to £3,177.

After tax of £2,565 (£2,486) profits emerged at £3,771 (£3,729).

LCP slides to £1.37m —maintains interim

THE IMPACT of higher borrowings and interest rates, reflected in interest charges up from £1.77m to £2.25m, has contributed to a reduction in pre-tax profits of LCP Holdings from £2.04m to £1.37m for the six months to September 30 1981. Turnover fell back to £104.8m, compared with £107m.

Despite the current trading difficulties, the group is maintaining its net interim dividend at 1.8p per 25p share. Earnings per share are shown down from 4.1p to 2.7p pre-tax, and from 2.7p to 1.4p net. For the last full year, payments totalled 4.3p and taxable profits came to £3.61m.

Mr David Rhead, the chairman, says that the board is, as yet, unable to predict an early return to improved market conditions in the UK, while for the group's French operations this year will be a period of consolidation. The board believes that in the U.S. the Whitlock investment provides opportunity for significant development and growth.

In the UK, the group's investment property and distribution activities have held their position in the half year. The vehicle and replacement parts distribution operations, aided by the introduction of new product lines, have shown further improvement, despite strong competition and difficult market conditions.

However, the property development side, in the absence of a development dealing surplus, made a small loss, and construction returned lower profits. The metals division loss of £255,000 (£63,000 profit) was caused by the performance of H. R. Turner (Willenhall), other companies within the division having achieved a modest profit.

The performance from construction declined, with the group's brick manufacturing company meeting severe trading conditions.

In France, although Chevilles Bol has maintained its performance, the start-up costs of France Drills and a lower trading profit from Sical reduced the overall contribution.

	Six months 1981 £000	1980 £000
Turnover	104,796	107,012
Trading profit	2,999	3,504
Invest. property	1,452	1,380
Property development	*7	†307
Construction	205	335
Distribution	204	226
Metals	*255	†63
Vehicle distribution	1,039	733
Overseas	361	490
Share of assoc. profits	630	311
Interest payable	2,255	1,770
Profit before tax	1,374	2,045
Taxation	650	650
Net profit	724	1,395
To minorities	35	58
Available	689	1,337
Dividends	903	902
From reserves	214	‡435

* Loss. † Profit. ‡ To reserves.

In June, LCP raised its stake in Whitlock to 49 per cent, but Mr Rhead now reports that a further 984,624 shares of common stock have been acquired, bringing its holding to 99.13 per cent. The consideration is $17.7m in cash, of which $1.4m has been paid at completion and further payments will be made next year on January 5 ($4.5m), on April 15 ($6m) and on November 2 ($5.8m).

Whitlock's pre-tax profits for 1980 were $2.6m and net assets totalled $8.6m, after making adjustments to restate the audited accounts in accordance with accepted UK accounting principles. Its taxable profits for the current year are significantly ahead of 1980 in line with budgeted targets.

The chairman says the completion of this acquisition provides an important extension to the group's operations, both in market and geographic terms.

● **comment**

LCP admits that it is taking a balance sheet gamble with the Whitlock acquisition. Income gearing at the interim stage is already 62 per cent and the $17.7m acquisition may well be taking capital gearing up to over 90 per cent by the year end. For investors, the shares are something of a speculation at 56p on auto part distribution in the U.S. and, at the same time, LCP's belief that it can sell unwanted parts of the business at a good relationship to book values. It is not hard to isolate those operations LCP is prepared to part with and, for the metals division as a whole and H. R. Turner in particular, the hope must be that rationalisation and continued product development will be sufficient to attract the already identified buyer at the right kind of price. LCP has about £5m invested in the metals division which includes, say, £1m in Turner. Whitlock is in the vanguard of LCP's accelerating devolution to non-UK and non-manufacturing activities. Its profits were $2.6m last year and, with a budgeted 26 per cent rise in turnover and a 14 per cent increase in overhead, it should be on target for $4m in calendar 1981. The exit p/e for what looks to be a fast expanding business is about 11. Yet the market seems to be setting quite long odds. The historic yield is 11 per cent and asset backing is double the share price.

Winding up orders

Compulsory winding up orders against 27 companies have been made by Mr Justice Vinelott in the High Court on Monday. They were: B and C Scaffolding, John Rinne, Border Industrial Machinery, Kleenstrip, Antonbury, Twigbond.

Jackworth, Litcor (Commercials), Desknoll, Jones and Evans Agricultural, Unit One (Shoe Manufacturers), Lucy Jane (Models).

Greengales of York, Speeton Steels, M. J. Heating Servoces, Terminal Equipment, Hynecroft, Duamlake.

Lawley Properties, Liveglow, Irvine Motors (Newcastle), Overside, Cityberry, Aperton Electrical, Jonimac Newsagents, Audiokraft (Alarms), Nashmill.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Beecham, Bremar Trust, Brown Shipley, Chamberlin and Hill, Flight Refuelling, London Trust, W. H. Smith, United Electronic, Warnford Investments.

Finals: Barton Transport, Equity Income Trust, General Stockholders Investment Trust, Wade Potteries.

FUTURE DATES

Interims—	
Chamberlain Phipps	Nov 30
Churchbury Estates	Nov 19
Coalite	Dec 8
Deritend Stamping	Dec 14
Gordon and Gotch	Dec 4
Howard Tenens Services	Nov 27
Lep	Nov 19
M and G Second Dual Trust	Nov 25
Mitchell Somers	Dec 8
Victoria Carpet	Nov 20
Watson (R. Kelvin)	Nov 24
Wedgwood	Nov 25
Finals—	
AE	Dec 17
Borley (C. H.)	Nov 19
British Benzol Carbonising	Dec 1
Fisher (Albert)	Nov 27
Tomkinsons Carpets	Nov 27

S & U Stores declines

TAXABLE PROFITS of S. and U. Stores declined from £377,395 to £305,467 for the half year to July 31, 1981 on lower turnover of £12.52m, compared with £13.21m.

Mr Derek Coombs, chairman, says although trading conditions have been fairly static there has been some recent evidence of a slight upturn. He warns, however, that profits for the full year will be lower than those for 1980/81 when pre-tax profits of £569,000 (£863,000) were returned.

There is again no interim dividend—the last ordinary payment was in 1976.

The group's principal activity is consumer credit. It also operates retail cash trading units and manufactures men's clothing and hosiery.

MINING NEWS

Northgate loses C$1m in the third quarter

BY KENNETH MARSTON, MINING EDITOR

THE ACQUISITION by Northgate Exploration in September of three Canadian mining operations for C$148.8m (£65.6m) from the Netherlands-based Patino group has proved to be a mixed blessing as far as Northgate's third quarter results are concerned.

These have resulted in a consolidated net loss of C$1.02m which leaves the group with a net loss of C$398,000, equal to 5 cents per share, for the first nine months compared with a profit of C$3.68m in the same period of last year.

While the three newly acquired base and precious metal mines resulted in Northgate's third quarter revenue from metal production doubling to C$7.49m, they also boosted the parent's expenses in the period (including depreciation, amortisation and interest) to C$9.45m compared with C$3.48m in the third quarter of last year.

The new-acquisition expenses related to only one month. It thus remains to be seen whether there was a sizable initial expense element or whether the total expenses for the current quarter will again outweigh the revenue benefits of the new acquisitions.

Meanwhile, Northgate's working capital at September 30 amounted to C$17.75m compared with C$34.89m a year ago. The decline is mainly attributable to the purchase of the new Canadian mines; the balance of the purchase price was financed via bank credit.

These acquisitions stemmed from the purchase by Northgate for C$174m of all the Canadian mining assets of the Patino group together with certain other interests of the latter. These included a 34 per cent stake in Edper Equities which holds 48 per cent of Brascan, the Toronto-based holding company controlled by the Bronfman family.

After earlier unsuccessful attempts to secure control of the big Noranda Candian natural resource group, Brascan recently reached an agreement to raise its stake in the latter to 37 per cent.

Since then, however, Noranda has reported its first quarterly operating loss for some 30 years. However, thanks to a profit on the sale of its holding in British Columbia Forest Products, Noranda ended the third quarter with a profit of C$27m.

Noranda has said that its current quarter operating results may be a little better but it does not anticipate any significant improvement until after the first half of next year. Northgate shares were unchanged at 290p in London yesterday.

Greenbushes hits at W.A. royalties

AUSTRALIA'S Greenbushes Tin has come out strongly against the recently announced increases in mineral royalties in the Western Australian Government's budget. After revision the proposed increase in tin goes from 20 cents (12p) per tonne of concentrates to 2½ per cent of the realised value of the tin content.

In the case of tantalum, however, the increase is from 0.5 per cent to 5 per cent of the realised value of concentrates from December 1 next. This tenfold increase, says Greenbushes, "is impossible for any company to absorb in any charge within one financial year."

It is pointed out that royalties on all similar minerals produced in the state, such as ilmenite, rutile, zircon and tin, are increased only from 2 per cent to 2½ per cent.

To make matters worse, the increase comes at a time when the company is funding its new A$40m tin-tantalum mine. Greenbushes fear that this will reduce the Western Australian equity in the project or delay its implementation.

In the annual report for the year to June 30 Greenbushes says that tin production is being stepped up while tantalite stocks are being accumulated. Tantalite prices are expected to make a strong recovery towards mid-1982 when the company's long term sales contracts will be fully operational.

In spite of this optimistic view, it is added, "your directors are preparing to face what could turn into a bumpy year."

TRI-BASIN AND SCEPTRE DEAL

The proposed merger of Sceptre Resources and Tri-Basin Resources has been approved by the board of Sceptre.

Details of the merger will be sent to Tri-Basin shareholders on November 23. A meeting of Tri-Basin shareholders to approve the amalgamation will be held on December 18.

ROUND UP

Consolidated Gold Fields reports that further purchases of Newmont Mining have raised its stake in the U.S. mining major to 17.6 per cent. Under the agreement reached between the two companies Gold Fields is permitted to raise its stake to a maximum of 26 per cent until end-1984. Newmont are currently around $47 in New York compared with prices of up to $64 paid by Gold Fields for earlier purchases.

At the MIM Holdings annual meeting in Brisbane, Sir James Foots, the chairman, said that although the Australian metal producer's short term future is affected by low metal prices, there was good reason for optimism. "We are able to look to a strong and prosperous future," he added.

Malaysia's *Tongkah Harbour* Tin Dredging says that unless there is a dramatic change in the fortunes of the Thailand subsidiary, income from interest will continue to be the major contributor to revenue. Over the next two years or so Tongkah Harbour's cash position will be strengthened by the staged loan repayment by the associated company. Tongkah Harbour is now considering how best to utilise these funds and other resources.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$375	—	—	10	41 B	—	—	$398
GOLD C	$400	10	5	50	26 B	19	40	"
GOLD C	$425	2	0,50	44	15 B	23	27 B	"
GOLD C	$450	10	0,50	21	8.50	11	18 B	"
GOLD C	$475	—	—	3	4.50	30	12	"
GOLD C	$500	—	—	16	3	—	—	"
GOLD P	$375	—	—	9	8	—	—	"
GOLD P	$400	83	6	61	18	52	22	"
GOLD P	$425	26	25	13	30	5	33	"
GOLD P	$450	1	52	9	51.50	—	—	"
GOLD P	$500	—	—	2	100	—	—	"
		Jan.		April		July		
AKZO C	F.20	11	3.40	—	—	—	—	F.22.60
AKZO C	F.22.50	23	1,20	15	2,30	—	—	"
AKZO C	F.25	75	0,70	61	1,20	—	—	"
AKZO P	F.22.50	18	1.10	—	—	—	—	"
AKZO P	F.25	25	2,80	52	3	—	—	"
KODA C	$70	10	1⅛	—	—	—	—	$65⅝
HEIN C	F.45	5	2 A	4	3	3	4.50	F.43.60
HEIN P	F.45	5	1.90	—	—	—	—	"
HOOG C	F.12.50	—	—	—	—	20	4	F.14.20
HOOG C	F.15	—	—	20	1.50	—	—	"
IBM C	$55	—	—	—	—	8	3⅛	$51¼
KLM C	F.80	6	11.50 B	6	17 B	—	—	F.88.70
KLM C	F.90	114	7	—	—	—	—	"
KLM C	F.100	181	3.40	16	8.50 B	—	—	"
KLM C	F.110	192	1.60	30	5.30	—	—	"
KLM C	F.120	50	0.90	19	3.10	—	—	"
KLM C	F.130	45	0.60	—	—	—	—	"
KLM C	F.150	4	0.10	—	—	—	—	"
KLM P	F.80	176	1.90	7	3.80	—	—	"
KLM P	F.90	54	5.80	4	9.60	—	—	"
KLM P	F.100	49	13.50	—	—	—	—	"
NEDL C	F.150	10	5	30	8	—	—	F.146.50
NEDL C	F.160	—	—	20	6.50	—	—	"
NEDL C	F.170	—	—	3	3.20	—	—	"
NEDL P	F.130	—	—	—	—	10	3	"
NEDL P	F.140	33	2.30	5	4.30	—	—	"
NEDL P	F.150	—	—	4	8	—	—	"
NATN P	F.105	7	1.80	—	—	—	—	F.107.30
PHIL C	F.17.50	—	—	30	2.70	—	—	F.19.30
PHIL C	F.20	180	0,60	110	1.40	46	1.60	"
PHIL C	F.22.50	—	—	4	0,70	11	0.80	"
PHIL C	F.25	7	0.10	10	0,30	—	—	"
PHIL P	F.17.50	50	0.40	—	—	10	0,90	"
PHIL P	F.22.50	33	3.60 A	—	—	—	—	"
RD C	F.70	6	11,50 B	—	—	—	—	F.80
RD C	F.80	147	5	19	8,50	—	—	"
RD C	F.90	106	1.30	36	4.50	—	—	"
RD C	F.100	5	0.20	129	1.50	—	—	"
RD P	F.70	167	0.80 A	—	—	—	—	"
RD P	F.80	44	3.50	5	5.70	—	—	"
UNIL C	F.140	48	13	—	—	—	—	F.153.20
UNIL C	F.150	162	6	12	9	—	—	"
UNIL C	F.160	103	1.70	—	—	—	—	"
UNIL C	F.170	25	0.60	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 3575

A=Asked B=Bid C=Call P=Put

BIDS AND DEALS

Rank paying £14.5m for TKM travel companies

BY JOHN MOORE

The Rank Organisation is to acquire the travel companies of Tozer Kemsley and Millbourn (Holdings) in a surprise cash deal worth £14.5m.

Under the deal, Rank, which has interests in leisure, industrial and commercial products, property, as well as major investment with Xerox Corporation of the U.S. in the Rank Xerox companies, will acquire Owners Services and its subsidiaries Wings and Aldwych Travel, from Tozer.

Recently, Tozer, which is a *widely diversified group with* interests in international trading, forest products, the motor trade, and other industrial activities, revealed a major collapse in profits.

For the year 1980, the group reported pre-tax profits of £5.5m, *compared with pre-tax profits of* £16m in the previous year.

In the first six months of the group's current year pre-tax profits slumped again, this time from the £4.57m declared at the half-way stage last year to only £55,000.

Mr Malcolm Horsman, managing director of Tozer, stressed yesterday that this was "not a distress sale" but added that "plainly it would be nonsense not to look at all aspects of the business in current trading circumstances."

He explained: "We have been going through a restructuring period." The group is now trying to organise its activities around the international trading and finance division and automotive divisions.

Neither Rank nor Tozer would say which side had approached who for the initiation of discussions, but Rank said it was "a willing buyer and willing seller situation."

In the year to October 31 1981 the division is estimated to have made profits before tax of £2.6m, compared with £1.8m in the previous year, and as at October 31 1981 to have had assets of £1.5m.

The acquisition will be subject to Tozer's shareholders' approval and an explanatory circular, inlcuding a notice of an extraordinary general meeting called for that purpose, will be dispatched shortly.

OSL/Wings are specialist in *self-catering holidays abroad*, which, according to Rank, accounted for 23 per cent of this market in the summer and 18 per cent last winter. They also operate short and long haul hotel holidays in Europe, East Africa and the West Indies, an air ticket sales agency and a charter aircraft seat brokerage using Boeing 737s.

On completion of the transaction all these businesses will be merged into the Rank Organisation's Hotels and Holidays division, and, says Rank, will provide the group with an improved balance between its UK holiday interests and its foreign holiday activities.

The new acquisition will also provide a positive cash flow on the holiday side throughout the year, whereas Rank's Butlins operations provide revenues only in the summer.

Mr Russell Evans, group managing director of Rank said: "*This move is a logical and complementary extension of our* hotels and holiday business."

OSL/Wings employs 757 people, with 595 based in the UK and 162 overseas. The existing management of the Tozer travel side is to join the Rank *Organisation*.

In London, shares in Tozer rose 3p to 79p while shares of Rank remained unchanged, at 138p.

Simplicity Pattern still holds Mr Lacey's interest

MR Graham Ferguson Lacey, chairman of NCC Energy, still wants to "seek a business combination with, or otherwise gain control of Simplicity Pattern Company of the U.S. although the agreed merger has fallen through in the face of a partial tender offer for Simplicity by *Bayswater, a U.S. investment* company.

However, shareholders must continue to wait to see if their chairman can pull off a deal.

When the merger was called off on November 6, Mr Ferguson Lacey promised a statement about his intentions for yesterday. Now shareholders are told "a further announcement" will be made not later than Friday.

Meanwhile, NCC's board is considering an enormous number of alternatives. These include the *possibility of buying more* shares in Simplicity; holding discussions with unnamed third parties who "make a tender offer for all or part of Simplicity" in conjunction with NCC; or inviting the third party to try for a tripartite merger between itself, Simplicity and NCC.

For its part, the board of *Simplicity, which consists of four* NCC directors, five Simplicity directors and an independent director, have told shareholders to reject the tender offer by Mr Carl Icahn's Bayswater group.

NCC has already said that it will not accept the Icahn offer for its own 15.4 per cent of Simplicity.

Instead, the Simplicity board is pressing ahead with "developing alternatives that may involve the entire company or parts of it," Simplicity said *yesterday*.

Wassall discloses heavier losses

J. W. Wassall discloses an increased loss before tax of £39,077 compared with £19,256, for the first half of 1981-82, in the formal offer document recommending the £420,000 cash offer from Benson Shoes.

This result follows a deficit of £36,963 for the year 1980-81. Mr J. W. Wassall, chairman of Wassall, says that the company, in line with the shoe trade generally, is suffering from the recession. With losses continuing "your board has reluctantly come to the view that the company's 18-year history as an independent entity, must now cease."

Turnover in the first half of 1981-82 was marginally lower at £1.12m compared with £1.14m, and the trading loss, before depreciation and interest, came to £9,783 (£17,034 profit).

Benson—which is being advised by Guidehouse — says that the geographical location of Wassall's outlets will complement that of their own and the enlarged group *will cover a substantial part of* the Midlands and the North of England.

With a combined turnover of over £3.5m following the acquisition, the enlarged group should be in a significantly stronger position to negotiate with suppliers, thus enhancing the purchasing power of the group.

Wassall has been closing some of its unprofitable stores in recent year, and in view of the current severe recession in the industry it is anticipated that *limited further closures may be* necessary for the long-term interests of the enlarged group.

Benson intends to review the position of the company with the board of Wassall, but has no intention of making any major changes in the business.

Mr Wassall, his wife and the directors intend to irrevocably accept the offer in respect of 39.6 per cent of the ordinary capital and 66.6 per cent of the deferred capital.

Property merger terms

THE TERMS of the offer by Greycoat Estates for City Offices are for every five ordinary shares of City Offices, either four new ordinary 10p shares of Greycoat or a partial cash alternative of 157p in cash and three Greycoat ordinary shares.

The partial cash alternative will be available for acceptance until 21 days after the date on which the offer document is posted to shareholders and will not be extended.

The cash consideration of the alternative is being provided by N. M. Rothschild and Sons agreeing to acquire the relevant Greycoat new ordinary shares, which would have been issued if the accepting shareholders had accepted the offer in full.

Greycoat has a market capitalisation of £19.5m and the *book value of its tangible* net assets was £5.7m at March 31, 1981, which does not reflect the value of recently completed projects and the large developments currently or soon to be undertaken.

City Offices is valued on the basis of the offer at £37.5m, compared with a book value of its net tangible assets of £28.9m at December 31, 1980.

The Greycoat board will be asking for an early meeting with the City Offices board in order to seek a recommendation for the merger proposal.

Greycoat at present owns 600,000 ordinary shares (2.2 per cent).

TR TALKS ON ACQUISITION

Discussions have reached an advanced stage for Telephone Rentals to acquire the capital of General Telephone Systems. GTS is a UK-based private company operating similar services to TR, with an annual rental of about £2m. It is expected that completion will take place *towards the end of this year.*

SWIRE PURCHASE

Imcos Marine has been acquired by Oceanroutes (UK), a subsidiary of John Swire and Sons. The Aberdeen-based offshore weather forecasting interests of both companies will be merged, while the remainder of the Imcos Marine business will continue as before.

WHITBREAD INVESTMENT

Pre-tax profits of Whitbread Investment Company rose from £2.23m to £2.46m in the half-year to September 30, 1981. Tax for the six months was up from £693,665 to £771,669. The interim dividend is raised from 1.45p to 1.6p.

RIGHTS RESULTS

Acceptances have been received in respect of 80.87 per cent of the 6.67m new ordinary shares of Brown and Jackson offered in a rights issue at 20p per share. The balance has been sold in the market.

The rights issue of 1.6m 10 per cent convertible preference shares of Staffordshire Potteries has been accepted as to 81.5 per cent and the balance sold in the market at a net premium

LONDON TRADED OPTIONS

Nov. 17 Total Contracts 1279. Calls 928. Puts 351.

Option	Ex'rdise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP (c)	280	36	2	44	—	—	—	304p
BP (c)	300	22	10	32	—	42	—	"
BP (c)	320	12	10	—	—	—	—	"
CU (c)	120	17	6	21	—	26	—	136p
CU (c)	130	11	7	18	4	18	4	"
CU (c)	140	8	24	11	16	14	—	"
CU (c)	160	4	4	6	—	—	—	"
Cons. Gld (c)	460	35	1	55	—	67	—	471p
Cons. Gld (c)	500	17	—	35	20	47	—	"
Cons. Gld (c)	550	6	—	18	—	25	1	"
Cons. Gld (p)	420	3	10	11	—	—	—	"
Court'lds (c)	50	18	10	19½	2	21½	—	66p
Court'lds (c)	60	8	59	10½	4	14	1	"
Court'lds (c)	70	3½	—	5	23	8	—	"
GEC (c)	650	107	2	132	—	157	—	737p
GEC (c)	750	33	13	60	—	82	—	"
Gr'd Met. (c)	180	7	2	15	—	22	—	169p
Gr'd Met. (p)	140	4	—	7	6	10	—	"
Gr'd Met. (p)	160	10	5	17	—	19	5	"
Gr'd Met. (p)	180	20	—	26	2	28	—	"
Gr'd Met. (p)	200	33	2	38	6	—	—	"
ICI (c)	280	16	18	26	7	36	—	280p
ICI (c)	300	8	—	16	32	—	—	"
ICI (p)	240	5	3	8	—	12	—	"
ICI (p)	260	10	4	17	—	35	—	"
ICI (p)	280	18	18	24	—	30	—	"
ICI (p)	300	28	3	34	2	—	—	"
Land Sec.(c)	260	67	—	76	2	—	—	324p
Land Sec.(c)	288	39	25	—	—	—	—	"
Land Sec.(c)	300	—	—	43	17	49	—	"
Land Sec.(c)	312	20	12	—	—	—	—	"
Land Sec. (c)	330	—	—	23	5	31	—	"
Mks & Sp (c)	120	10½	2	16	—	19	—	124p
Shell (c)	420	6	2	13	—	—	—	364p
Shell (p)	330	9	1	15	—	24	—	"
Shell (p)	360	15	4	22	—	34	—	"
Shell (p)	390	28	2	38	8	42	—	"
		November		February		May		
Barclays (c)	420	13	14	33	—	45	—	430p
Imperial (c)	60	1½	105	7	50	8	—	61p
Imperial (c)	70	½	—	3	110	4	80	"
Imperial (p)	60	1	—	4¾	100	7½	—	"
Lasmo (c)	550	¾	—	22	—	30	3	464p
Lasmo (c)	600	½	15	12	—	20	—	"
Lonrho (c)	70	10	—	14	—	17	8	79p
Lonrho (c)	80	2	23	8½	9	10	—	"
Lonrho (c)	90	¾	18	3½	—	6½	9	"
Lonrho (c)	100	¼	15	1½	—	—	—	"
Lonrho (c)	110	¼	5	—	—	—	—	"
Lonrho (p)	70	1	—	4	10	6½	—	"
Lonrho (p)	80	2½	5	7½	—	11	—	"
P & O (c)	120	8	29	18	—	20	2	126p
Racal (c)	360	43	20	60	—	73	—	403p
Racal (c)	390	15	25	40	—	52	—	"
Racal (c)	420	4	4	23	22	37	—	"
Racal (p)	330	1	—	9	1	—	—	"
Racal (p)	360	1	—	15	23	27	—	"
Racal (p)	390	2½	2	28	2	35	2	"
Racal (p)	420	23	54	40	6	45	—	"
Racal (p)	460	63	—	68	6	70	2	"
RTZ (c)	420	35	3	70	—	90	—	452p
RTZ (c)	460	5	2	40	—	57	—	"
RTZ (c)	600	1	20	10	—	15	—	"
RTZ (p)	460	12	1	27	—	20	—	"
Vaal Rfs. (c)	60	1	—	6	5	7½	—	$60
Vaal Rfs. (p)	70	⅛	—	2¾	2	4½	5	"
Vaal Rfs. (p)	60	1⅛	3	5¼	30	30	7¼	"
Vaal Rfs. (p)	70	11	1	13¼	1	13½	—	"

C=Call P=Put

Optimistic line by Smiths Inds

MR ROGER HURN, chief executive of *Smiths Industries* yesterday took an optimistic line when viewing the company's prospects for the current year. He also said the company was still looking for acquisition, mainly in the UK, U.S. and Australia.

Ideally any purchase would involve around £10m, but Mr Hurn said he was prepared to look at propositions both larger and smaller.

He declined to make any specific forecast for 1981-82 but pointed to the company's record of unbroken profit growth.

This was also highlighted in the annual statement by Sir Roy Sissons, chairman. He said the current year was unlikely to be any easier than the "difficult 1980-81," when profits edged *ahead from* £26.13m to £26.35m. Nevertheless, despite many uncertainties the company was aiming for further growth this year.

In the short-term he stated, any improvement in UK specialist manufacturing and distribution activities would stem more from *measures taken to slim down* market sige in 1981, rather than underlying growth in business volume. UK and U.S. medical business, however, has expanded throughout the world and he expected this to continue. Forward prospects for the Australian and South African companies were also encouraging.

In 1981, some 40 per cent of total profits were derived from overseas operations and Integrated Air Systems of the U.S., a company whose products support high technology industries, was acquired in September. This will add to Smiths already healthy international base, said Sir Roy.

Mr Hurn said that restructuring was continuing in the vehicle componets division. This would make operations more competitive on a European basis. Having fought hard for its European business the company not giving it up easily, he st

The aerospace and me divisions have "pretty order books, while Leyland now accounts for to 4 per cent of Smiths tur Much less than five years a Hurn pointed out.

He would not elaborat reorganisation provisions said he did not expect last 2,000 redundancy figure repeated. While the pro was larger, a lot was rela factory closures and pla Redundancies still to come expected to be largely automotive and UK businesses.

It was hoped that the motive business will be the black shortly after th of this year.

In the marine division redundancies have announced. The blame for was put on the impact of cutbacks by the Royal Nav the transition from mechanical to electronic marine radar.

In his review with the accounts, Mr Hurn balance sheet remains with a ratio of borrowing total funds employed cent. Working capital by 5 per cent, compared 15 per cent advance

Despite difficult trading tions, investment in fixed was maintained at a high Expenditure on plant machinery, at £8m, was higher than in the previous

The balance sheet shows *holders funds up from* £1 to £139.26m. Fixed assets £66.48m (£57.72m) and current assets increased £78.94m to £83.72m. On basis pre-tax profits are at £16.1m (£14.3m).

The AGM of the compa be held at 765, Finchley NW, on December 9, at

GEI in halfway sli but dividend held

REDUCED PRE-TAX profits were shown by GEI International, the specialist engineering group, for the six months to September 30 1981. The taxable result fell from £1.53m to £727,000 on lower turnover of £24.38m, compared with £29.41m last time.

"I do not wish to make any forecast of profit for the year to March next," says Mr Thomas Kenny, chairman, "but trading conditions are getting better."

The interim dividend has been held at 1.78p. There was no loss on the closure of a subsidiary this time (£210,000).

"Outstanding orders for the group are better than they have been for many months," says Mr Kenny. He adds that substantial cash balances have been maintained.

The chairman said last July that profits for the first six months would "not be to our style, but thereafter we expect things to get better." In the last full year the group made pre-tax profits of £3.48m on turnover of £55.32m. A total dividend of *5.315p was paid*.

Throughout the half-year short time working continued in most divisions. Mr Kenny says that profit margins came under further pressure because of increasing costs, which came mainly from the nationalised industries and local authorities.

"Despite the persistent rise in Government related costs," says Mr Kenny, "we in the private sector had to reduce prices to offset the increasing penetration of subsidised imports. Costs under our control have been further reduced."

Five of the group's six divisions remained profitable during the half-year and marginally in the re packaging machinery divi particularly well, its pr ceeding those for the period last year, says Mr Europack Engineering, bo November 1980, has yield profits, he adds.

● **comment**

GEI's interim profits appointing but probabl are struck after a consi sum above the line for dancies. At this point, interest seems to be fo more on the group's financial position and th tained interim dividend short term profit prospe 71p, up 3p yesterday, th on GEI shares, assuming tained final, is a very at 11 per cent. Moreover, th is keeping its capital sper a miinmum this year and balances are virtually-unc from the net £2.5m in the balance sheet. Mea operating conditions are ing slowly—short time *is well down since the f* — and the chairman i optimistic about the out the year as a whole. Perh group will make £3m bef But a return to profit requires the recovery of steel stamping division contributed £2.5m two But that awaits a reso the commercial vehicle moving equipment indus

RELIANT MOTO

The directors of Reliant have been advised auditors of the company is now a "close" compa

ALLIED IRISH

Negotiations whereby Allied Irish Banks will subscribe for a I£10.24m stake in Insurance Corporation of Ireland are at an advanced stage. If thenegotiations are successful AIB will subscribe for 1,862,500 ordinary shares in Insurance Corporation (25 per cent of the enlarged capital) at I£5.50 per share, subject to the approval of the insurance company's shareholders. It would subscribe for 931,250 shares on December 31 and for a further 931,250 on June 30 1982.

AVON RUBBER

Avon Rubber Compa bought the majority share in the Oldham-based c Norbren Resins.

The deal has been tra through Avon's wholly subsidiary ALH Systems, has acquired 76 per c Norbren's issued share cap £456,000 and has the ri acquire the remaining cent on December 31 198

Norbren formulate epo polyurethane resins and its output is used by Systems.

Ray Maughan explains why a lawnmower group wants a quote on the Unlisted Securities Market

Hayter reaches a turning point

N the word Hayter to who takes their garden iously and they almost know you're talking :ary mowing machines. the machine the pro- uses, the councils ıave to trim long of roadside grass and ›laying fields. The War Commission is also a tomer.

I its status among the gered, Hayter has kept since it was founded Douglas Hayter just e war and the casual along the A11 would certainly miss the 125,000 sq ft works set road at Spellbrook, shire.

34 years, the group is king for a quote on sted Securities Market Unlike many of its newcomers to this market, Hayter has of assets and a good ecord. There are two for the float.

:anding the res

awnmower market has a minefield of aggres- npetition at the lower ddle end of the range battle heats up to f the weekend gardener hover" or not and he buys a British nachine or a Honda. yter wants to expand business it knows best ıo ancillary fields. It edges the problems in rall marketplace. But rd suggests that, while ather is an enormous e on its summertime t is withstanding the es and expects to grow.

ıust also make some ment changes. The designed the first mower in this country led the group's profit- xpansion but, at 67, Hayter is handing e reins to Mr William lough, a former divi- managing director at Machinery, some 37 is junior.

he lacks any relatives and able to run the Mr Hayter is passing proprietoral control to a young professional manager. Mr Barrowclough has little or no equity interest in Hayter and the float should enable him, as chief executive, to acquire a worthwhile holding.

His senior seems to have been a dab hand at engineering applications. He designed a complete saw mill and developed a range of wood-working machinery. Between 1947 and the present day, Hayter has also dabbled in boat building and river boat hire although these activities have recently been sold. But the basis of the business was and is the rotary mower which, in broad design terms, has not changed much for the past 30-odd years.

"I was the first man," Mr Hayter claims, "to put a rotary mower on a farm tractor." The bank wouldn't help him get started but he had a machine which would cut longer grass than the then commonplace gang mower and sold at about a third of the price.

Hayter was formed with £500 starting capital and, unlike many small businessmen, the founder quickly grasped the principals of cash flow. He obtained a month's credit from his suppliers—all the engines come from Briggs and Stratton in Milwaukee—and offered 15 per cent discounts on list price to customers to which he added another 7½ per cent if they paid within seven days.

The range Douglas Hayter has developed straddles the demands of keen domestic gardeners and those of professional users, taking about 40 per cent and 33 per cent of turnover respectively. The remainder is made up of the "Mighty Midget" portable welding machines—for which Hayter buys in the engines from Hawker Siddeley's offshoot, L. Gardner—and spares.

In many respects, Hayter is an assembler. The Hayterette, at the bottom of the range, sells for £164 and it incorporates a bought-in throttle, alloy casing, wheels and an engine which alone costs £32.

At the top end of the scale, however, Hayter's own proportion of unit cost rises. The engine cost of the Senator, which sells for £1,500, is £120.

Mr Barrowclough believes that the domestic segment of the market is now more encouraging than the professional mowing equipment. Local authority business is constrained quite obviously by central government cash limits but individual gardeners can still be expected to trade up into power mowers at the top of the range. Business Monitor reckons that the total UK lawnmower market will grow slightly to 1.5m units this year and expand gradually until it hits 1.7m or possibly 1.8m units in the mid-1980s.

The big companies—Flymo (owned by the Swedish group Electrolux) Black and Decker and Qualcast will be scrapping for the lion's share of that growth. But Hayter is still talking about very small percentage shares for itself.

The figures, the group explains, are by no means exact but Hayter believes it has £2m sales in the market for professional pedestrian controlled rotary mowers which is worth about £35m each year. The group has about a tenth of the quality end of the domestic market, which suggests that it only controls about 1 per cent of the total £100m domestic lawnmower sales.

Honda is making vigorous attempts to expand its own share. William Barrowclough says that the Japanese company is "working very hard at quality but its fraction of a percentage point of the market is hardly worth talking about." He feels that Honda is "not getting the product development it wants from Japan," and says that it is inevitable that Honda will eventually link up with a European lawnmower manufacturer. "They approached us two years ago and then two months ago," he says, but for the moment he is making sure that no inviting gaps appear in his product range. "We must get so firmly established that there is not a *natural slot to fall into.*"

Market shares and dealer support

At present, Hayter is confident that it is well ahead on price—undercutting Honda by 25 per cent in some cases—but "we ignore them at our peril."

Attack will be the best form of defence and Hayter is concentrating its efforts on building market shares and dealer support. It was helped here recently, it says, when a major competitor had under-ordered its engines from the U.S. for which delivery time is 18 months. Hayter was able to offer very much better delivery when its rival distributor had very low stocks.

It is also making a new attack on export markets. In 1977, when sales were running at about £4.2m, the group was selling 24 per cent of its production overseas but faced with rising import duties in many traditional Commonwealth markets, only a tenth of last year's £5.6m total sales went abroad. Hayter manufactures in batches, rather than continuous output and had been able to turn the tap off quite quickly as old markets wilted and, now, with the emergence of customers in the Third World, particularly in Malawi and Nigeria, it is re-introducing the 24-inch pedestrian controlled rotary machine which the group first made in 1946.

It says something for the durability of these old machines that 40,000 mowers are still running in Malaya from the first Spellbrook batches.

The Board has also had to put its own Hertfordshire plant in order. Mr Barrowclough found that the group was quoting eight months delivery on spares not so very long ago —"that really was terrible"— and has had to step up production. The labour force, however, has come down by 60 to 180 people over the past two years and Mr Hayter claims that the group is the "only company in horticultural machines that has not had redundancies or short-time working this year."

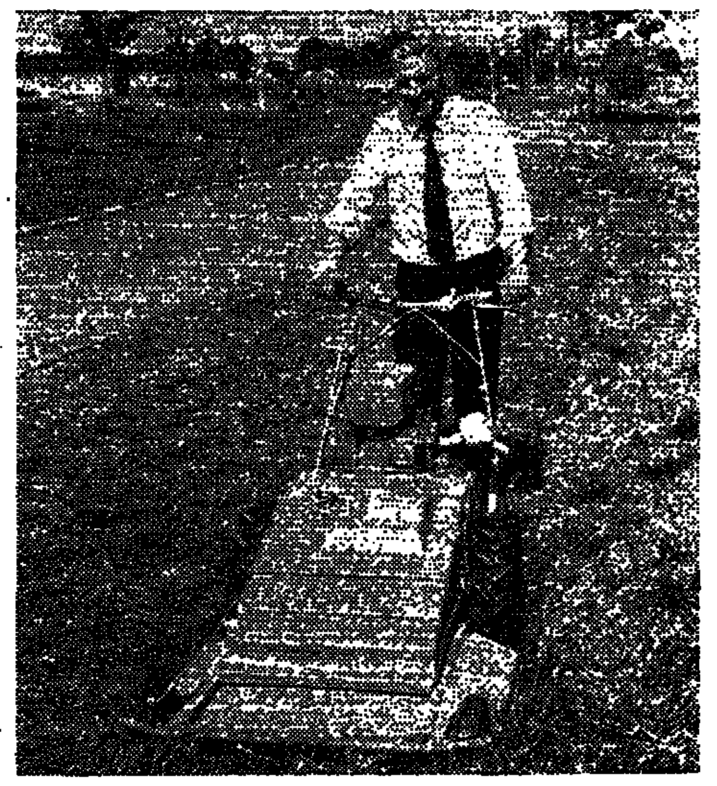
The balance sheet for the year ended September 30 is going to look healthy. Stocks have been trimmed by some £800,000 and net cash generation amounted to £1.3m to leave liquid balances at about £1.5m. Profits for the first half amounted to £225,000 although, in the absence of an audit at the same time in 1980, there is no direct comparison of interim performance.

The second summer half is very much more important. "We just went backwards in the last six months of 1979-80," Mr Barrowclough admits, "after a superb start to the financial year" so annual profits went down from £831,000 to £637,000.

A wet summer was to blame but mowing conditions this summer provided "excellent selling conditions." Hayter has consistently made more than £600,000 in the past three reported years and the prospectus for the USM to be published later this month is expected to show a fair measure of recovery and perhaps growth.

The quotation will be attractively pitched. The prospective yield may be just a little short of double figures and the shares will be amply backed by net worth. If the issue goes successfully, Mr Hayter and his new managing director will be looking for acquisitions. "They must be successful," the founder stipulates, "you can't improve something that doesn't work. An acquisition must be paying its way, perhaps hamstrung by a lack of cash. It must have a compatible product range from an engineering practices point of view, we don't want to go into the laundry business."

The bank that Douglas Hayter first went to for help in starting the company turned him down because, the bank had been told, there was too much competition in the lawn mower market. Looking around today at the struggle to cut the nation's back gardens, a cautious banker would be forgiven for saying the same. There are an expansion programme and management change riding on the investing public's willingness to take the opposite view. As the millionaire founder says, somewhat ruefully, "I didn't have an overdraft for years."



Hayter's Condor wheel-propelled rotary mower

Fixed rate Eurobonds show small losses

By Peter Montagnon, Euromarkets Correspondent

FIXED RATE Eurobonds suffered losses of around ⅛ point yesterday as the market consolidated recent gains in the face of a weak New York bond market which was confronted with a spate of new corporate issues.

There was little sign of investor selling in Europe and dealers said price movements were basically the result of dealer mark-downs in a quiet market. Short-term interest rates showed only narrow movements with six-month Euro-deposits unchanged at 13⅛ per cent.

Two new issues were announced, $40m for Euratom and $50m for Abitibi-Price, the Canadian forest products concern. Both issues are for 10 years and priced at par, but the first bears a coupon of only 14½ per cetn and the second one of 15¾ per cent, reflecting its single A credit rating.

The Euratom issue, which is led by the Al-Mal group, bears an optional redemption provision at a price of 102½ starting in 1986 and declining by ½ point annually thereafter. The Abitibi-Price issue, led by Wood Gundy, is callable at 101 in 1988.

Despite the weaker tone of the market yesterday Salomon Brothers cut the indicated coupon of 14¾ per cent on the Canadian National Railways' $100m issue to 14⅝ and priced the bonds at par.

$80m credit for Portugal

By Our Euromarkets Correspondent

PORTUGAL'S highway construction authority is raising $80m through an eight-year Eurocredit led by Bank of America, Caixa Geral de Depositos, Fuji and NatWest.

The credit will bear interest at a margin of ½ per cent over London Eurodollar rates for the first six years, rising to ⅝ per cent thereafter.

It is the first time that this borrower, a division of the Ministry of Housing and Public Works, has tapped the Euro-credit market, but the deal continues a succession of small Portuguese borrowings on broadly similar terms.

Hochtief buys 20% of Holzmann from WestLB

BY KEVIN DONE IN FRANKFURT

HOCHTIEF, West Germany's second biggest construction group, has acquired a 20 per cent shareholding in Philipp Holzmann, the Federal Republic's leading building concern.

The stake is part of a 25 per cent interest in Holzmann with a market value of DM 147.7m ($66m) which has been sold by the Westdeutsche Landesbank (WestLB), West Germany's third largest bank, which has suffered a massive slump in earnings in the last two years and which is now having to dig deep into its hidden reserves. Deutsche Bank, Germany's, biggest, has a 25 per cent holding in Holzmann.

Hochtief, which had a construction turnover of DM 6.04bn in 1980, said it has acquired the stake in Holzmann as a financial investment and it had no intention of trying to take a 25 per cent blocking minority holding in the company.

Holzmann had a construction turnover in 1980 slightly ahead of Hochtief at DM 6.3bn. Both companies have expanded rapidly overseas in recent years and have found lucrative markets, particularly in a series of oil exporting countries such as Saudi Aradia and Iraq.

More than half of the Hichtief DM 5bn order book was derived from foreign markets at the end of last year, while no less than 78 per cent of Holzmann's order book at the end of 1980 was based on contracts from outside the Federal Republic.

West LB has been forced to sell its interest in Holzmann because of its stretched financial position. It confirmed yesterday, too, that the capital injection it is discussing with the state of North Rhine Westphalia, one of its main shareholders, could be as large as DM 1bn. Last month it emerged that the state was considering pumping DM 700m of new capital into the bank.

The details of the move remain to be decided, but it will considerably increase North Rhine Westphalia's present shareholding of 33 per cent. It will give the state clear predominence in the bank's affairs over the other two shareholders, the Federation of Savings Banks and the association of local authorities in North Rhone Westphalia.

Way cleared for Cii agreement

BY TERRY DODSWORTH IN PARIS

THE FIRST round of top level talks on the French Government's nationalisation plans for Cii Honeywell Bull, the Franco - American computer company, appear to have cleared the ground for an agreement with Honeywell of the U.S.

According to a statement from Cii, all parties involved in the talks last week were "satisfied" with the outcome. There will be further negotiations shortly, probably within the next fortnight.

The Cii announcement follows the visit to Paris of Mr Edson Spencer, the chairman of Honeywell, which owns 47 per cent of the French group. Mr Spencer saw M Pierre Dreyfus, the French Industry Minister, as well as M. Alain Minc, a senior director of Saint Gobain, which controls the rest of Cii.

Without giving details, Cii's statement indicated that Honeywell had not so far insisted on pulling out of the French company.

Although the Government wants to nationalise the computer group, it recognises that it would be extremely damaging for Cii to break off links with the U.S. company, which supplies much of its technology.

Honeywell is also reckoned to get some advantage from its Cii links, which include joint research and marketing agreements. But it is in a strong position in negotiations with the Government because of a clause in the 1976 co-operation agreement which gives it automatic rights to compensation of between $230m and $270m if the French company is nationalised.

In addition, Mr Spencer has made it clear that recent losses at Cii, which is expected to run up a deficit of around FFr 300m ($54m) this year, have left him "extremely disappointed."

Among the various proposals for resolving the conflict over Cii, the solution most strongly pushed at the moment is for a gradual disengagement of Honeywell, probably by opting out of capital increases.

AEG to sell Videocolor stake

BY DAVID WHITE IN PARIS

AEG-TELEFUNKEN, of West Germany, is to sell its shareholding in the loss-making colour television tube venture, Videocolor.

The West German group's departure implies that Videocolor will come under the full control of AEG's partner, the French electrical group Thomson-Brandt, which is due for nationalisation by the beginning of next year.

Last month, RCA of the U.S. informed the two European partners that it intended to pull out its 42 per cent equity stake, in Videocolor, but would maintain technological links.

The remaining 58 per cent of Videocolor is held by a joint company in which Thomson has the controlling 51 per cent stake alongside AEG.

The current shareholding structure was agreed on two years ago when the French and West German groups decided to pool their activities in the sector.

Dome seeks Ottawa's view on tax change

By Robert Gibbens in Montreal

CLARIFICATION OF the impact of a clause in the Canadian Federal budget affecting the tax-free status of takeovers made through share exchanges is being urgently sought by Dome Petroleum and Hudson's Bay Oil and Gas.

Dome already owns 53 per cent of Hudson's Bay Oil, acquired nearly a year ago from Conoco of the U.S., and before the budget offered C$2bn (US$1.58bn) in preferred stock for outstanding shares, of which Hudson's Bay Company, the retailer, is a major holder.

Dome completed a US$1.8bn credit facility in the international syndicated market with a group of banks led by Citicorp to assure shareholders that the funds would be available should they redeem the preferred and not tender them for warrants for common shares.

However, the takeover proposal now remains on the shelf—with the credit facility—until Ottawa issues clarification on the tax aspects.

The budget said that share exchange takeovers would no longer be tax free and shareholders would be liable for tax on any capital gains involved.

However, Dome said that subject to satisfactory resolution of the tax issue, its offer for the minority shares was still scheduled to be completed by year end. The extra cash flow from full ownership of Hudson's Bay Oil, will help Dome support its heavy debt load of several billion dollars.

Dome, meanwhile, has reported earnings for the first nine months of C$134.6m, or 60 cents a share, on revenues of C$1.49bn. The year-ago figures were not reported because of the inclusion in the latest results of Hudson's Bay Oils for the third quarter.

Massey to close Canada combine plants

By Our Financial Staff

MASSEY-FERGUSON, the troubled Canadian farm equipment group, is to cease temporarily combine harvester operations at two of its domestic plants because of poor demand, laying off 1,750 workers as a result.

The shutdown, from the end of this week until February, was required to reduce stocks of unsold machinery, the company said.

It said that industry sales of combines in North America in September and October, the normal peak period, were 16 per cent down from the "very depressed" level of 1980 and 39 per cent below the same period in 1979.

Sales in October and forecasts for the rest of the year offered no hope of a pick-up in the market, the company said. Earlier this month the company cut work at its Brandford plant, which will bear the brunt of the shutdown, from two shifts to one a day. Roughly 75 per cent of the combines made at Brandford were exported to the U.S.

The Brandford plant will lose 1,450 workers while another near Toronto, which supplies combine parts, will have 300 lay-offs. Both plants will continue producing implements and tractor parts.

Lay-offs at Pratt and Whitney

By Victor Mackie in Ottawa

MORE THAN 600 production workers at the Pratt and Whitney Aircraft of Canada plant in South Shore, Longueuil, near Montreal, are to be laid off.

The first 475 will be released at the end of this week with an extra week's pay, Mr Pierre Henry, director of corporate communications, announced.

As many as 135 others will be laid off in the coming weeks. The company, faced with declining demand for its aero engines, is trying to assign as many as possible to other work at its plant.

The lay-offs will last from two to six months, depending on economic conditions.

Mr Claude Vincent, president of Local 510, United Auto Workers, said union officials had met plant managers to try to reduce the number of lay-offs. He said the workers' plight was serious because their contracts did not contain a clause protecting them against lay-offs.

Pratt and Whitney is a wholly owned subsidiary of United Technologies of Hartford, Connecticut. It makes engines for business jets, turbo prop planes and helicopters.

ITT expects $3bn from sale of Rayonier offshoot

BY IAN HARGREAVES IN NEW YORK

INTERNATIONAL Telephone and Telegraph, the large U.S. conglomerate, hopes to raise about $3bn from the proposed sale of its Rayonier forest products subsidiary, and will use the proceeds to repay short-term debt and, possibly, to make an acquisition.

ITT also said that it hoped its current negotiations with the French Government over the nationalisation of ITT France, would lead to a long-term relationship which would permit ITT to continue a role as a supplier of telecommunications equipment and technology.

These were the main points to emerge from a presentation by Mr Cabell Woodward, ITT's chief financial officer, to New York securities analysts.

Mr Woodward said that Rayonier's timberlands, which stretch over an area the size of the state of Delaware, had been valued at $2.75bn. In addition, Rayonier owns various wood-processing plants.

ITT might have to consider selling Rayonier's assets in parts, Mr Woodward added, however. Although ITT said more than a month ago that it was prepared to sell Rayonier, it has still not held negotiations with any of the prospective buyers.

The Rayonier sale, if it goes ahead, will be by far the most spectacular element in a programme of divestiture undertaken by Mr Rand Araskog since he became chairman of ITT in January, 1980.

Mr Araskog has sold more than 30 units or sub-units of ITT, stripping away elements not considered central to ITT's main business areas, which are telecommunications, industrial components, food and hotels, natural resources, and insurance and finance.

There is considerable speculation that if Mr Araskog can [sell] Rayonier, the heart of [its] natural resources division [he] will use part of the proce[eds to] strengthen the high techn[ology] end of ITT's activities w[hich] because of deregulation in communications in the U.S [are] enjoying wider opportuniti[es].

Mr Woodward said, how[ever,] that the only generally ag[reed] point within the company [is] that some of ITT's $1.8b[n] short-term debt should be [paid] off.

Only since September ha[s it] been free from a 10-year a[gree]ment with the Justice De[part]ment that it would not bu[y an] American company with [assets] of more than $100m. [The] agreement arose from the [era] when Mr Harold Geneen, [who] shaped ITT into the vast [inter]national it still is, was ex[pand]ing into numerous new [areas] including insurance thr[ough] acquiring the Hartford [In]surance group.

Mannesman plans U.S. ventur[e]

BY OUR NEW YORK STAFF

MANNESMAN DEMAG, the large West German engineering company, plans to form a joint venture with Wean United of Pittsburgh to market equipment in two booming areas of the U.S. Steel industry. The two companies said they would work together to sell Demag equipment for use in tube and pipe mills and eventually to include Demag's continuous casting products.

Continuous casters, which enable steelmakers to produce steel with less waste and obtain a better quality, are being installed by just about every major steel company in the U.S. as the American steelmakers try to catch up lost ground in this important technology.

At present less than 20 per cent of U.S. steel is continuously cast, but the industry expects this to rise to 45 per cent by the late 1980s, an expansion which will mean hundreds of millions of dollars worth of orders for the companies which make continuous casters. Each caster costs between $5m and $15m.

Because European and Japanese companies have had more experience in installing and operating casters than their U.S. counterparts, and because cheap export credit financing is usually available for European and Japanese machinery, foreign equipment is very attractive to the U.S. steelmakers.

Mr David Roderick, chairman of U.S. steel, said recently: "There is no question that we are going to put in a lot of casters over the next five years, and I am sure th[at we] shall be buying both [from] Japan and Europe."

Faced with this wave of [poten]tial orders, the foreign sup[pliers] have jostled for position i[n] links with the U.S. ste[el in]dustry.

Several of the Japanese [con]glomerates already have c[onsul]tancy ties with U.S. steelm[akers] whereas Demag has had [to use] U.S. partners to in[crease] its chances of winning [...]. At present the Mesta M[achine] Company builds slab [casters] under a Demag licence. [Mesta] and Demag were not av[ailable] for comment yesterda[y on] whether this relationshi[p would] lapse in the light of the United agreement.

FT INTERNATIONAL BOND SERVIC[E]

The list shows the 200 latest international bond issues for which an adequate secondary [market] exists. For further details of these or other bonds see the complete list of Eurobond price[s ...] will be published next on Tuesday December 15. Closing prices on Nove[mber ...]

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	103¾	104¼	−0⅛	+1½	15.54
APS Fin. Co. 17¼ 86	60	106	106½	−0½	−0⅛	15.32
Br. Colum. Hyd. 16¾ 88	100	104⅜	104⅞	+0½	+1⅞	15.12
Br. Colum. Mfa. 17 97	54	105	105½	−0⅛	+0⅜	16.06
Caterpillar Fin. 16½ 86	100	104⅜	104⅞	−0⅛	+1	15.09
CIBC 15¼ 86	75	102⅝	102⅞	+0⅛	+1⅝	14.44
CIBC 16⅞ 91	100	105½	106	−0½	+2⅛	15.58
Citicorp Int. Fin. 15 86	150	102⅜	102⅞	+0⅝	+2⅛	14.14
Citicorp O/S 15½ 84	175	103⅞	104⅜	−0½	+0⅝	13.51
Citicorp O/S 16⅝ 86	150	104¾	105¼	−0⅛	+0⅝	15.20
Cities Service 17 88	150	107	107½	−0⅛	+0½	15.18
Con. Illinois 14⅞ 84	100	99	99½	−0⅜	+0½	15.02
Cons.-Bathurst 17½ 88	60	103⅝	104⅛	−0⅛	+1½	16.52
CPC Fin. 16⅝ 86	50	107⅞	108⅜	−0⅛	+1⅛	14.33
EEC 14⅜ 93	65	98	98½	−1⅛	+4⅞	15.03
EIB 16½ 88	100	103⅞	104⅜	−0½	+1⅛	15.44
EIB 16⅞ 91	100	105⅜	105⅞	+0⅝	+2⅜	15.64
Ford Cr. O/S Fin. 16 85	150	98⅞	99⅜	+0⅛	+0⅛	16.23
GMAC O/S Fin. 14⅜ 87	100	99⅛	99⅝	+0⅛	+1⅞	14.86
GMAC O/S Fin. 16½ 84	300	103	103½	−0⅛	+1	15.04
Gulf States O/S 17½ 88	60	107½	108	−0⅝	+1½	15.55
Hiram Walker 16 86	60	102	102½	+0⅛	+0⅛	15.19
IBM Wld. Trade 14⅜ 84	100	102⅞	103⅜	−0⅛	+0⅛	13.14
IBM Wld. Trade 14⅜ 85	60	103⅝	104⅛	−0⅛	+0⅛	13.29
Nat. Bk. Canada 16½ 88	40	101¾	102¼	−0⅜	+1⅛	16.63
New Brunswick 17 88	60	107⅛	107⅞	−0⅜	+1⅛	15.11
Newfoundland 17⅜ 89	60	107⅞	108⅜	−0⅛	+1⅛	15.37
Nova Scotia 15 91	75	98⅝	99⅛	0	+3⅝	15.16
Ohio Edison Fin. 17½ 88	75	105⅛	105⅝	−0⅛	0	16.10
Pacific Gas Elec. 16 88	75	102⅛	102⅝	−0½	−0⅛	15.32
PSNH Int. Fin. 17 86	30	103⅜	103⅞	−0⅛	+0⅛	15.78
Quebec Hydro. 17⅜ 91	150	107⅜	107⅞	−0⅛	+0⅞	15.87
Shell Canada 15⅞ 91	100	104⅝	105⅛	+0½	+2⅜	14.75
South California 14⅞ 88	50	100⅝	101⅛	−0⅛	+2⅛	14.45
Swed. Ex. Cred. 15⅞ 86	50	101⅝	102⅛	−0⅜	+2⅛	15.02
Tenneco Int. 17 88	100	106	106½	−0⅛	+0⅛	15.54
Transcanada 17⅜ 88	75	107½	108	−0⅝	+1⅛	15.77
Walt Disney 15⅝ 86	100	103⅝	104⅛	−0⅛	+0⅞	14.52
Wells Fargo Int. 15½ 84	50	103⅞	104⅜	−0⅛	+1	13.39
Winnipeg 17 86	50	107⅛	107⅝	−0⅛	+1⅛	14.72
World Bank 14⅜ 86	500	99⅛	99⅝	0	+1⅞	14.46
World Bank 16 86	210	102⅞	103⅜	−0⅛	+1⅞	14.81
World Bank 16 88	80	103	103½	−0½	+0⅞	15.11
World Bank 16½ 86	130	105	105½	−0⅛	+1⅛	14.87
World Bank 16½ 88	100	105	105½	−0⅛	+1⅛	15.19

Average price changes... On day −0⅛ on week +1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	96½	97¼	−0⅛	+0½	10.19
Asian Dev. Bk. 10⅝ 89	100	101¾	102	−0½	+0⅛	10.43
Austria, Rep. of 8⅞ 92	150	89¾	90½	−0⅛	−0⅛	9.76
Belgelectric 11 91	100	101⅛	101⅞	−0⅛	+0⅛	10.74
CECA 10 91	120	101⅛	101⅞	−0⅛	+1	9.73
Council of Europe 10 91	100	99	99¾	−0⅛	+1⅛	10.08
Cncl. of Europe 10⅜ 91	100	100⅛	100⅞	+0⅛	+0⅛	10.15
EIB 8½ 90	200	91	91¾	+0⅞	+0⅞	10.00
EIB 10½ 91	200	101½	102¼	−0⅛	+0⅞	10.10
ESCOM 9⅞ 87	100	94⅝	95⅜	+0⅛	+1½	10.41
Finland, Rep. of 10 89	100	98⅝	99⅜	−0⅛	+1⅛	10.22
Ind. Bk. Finland 8½ 90	50	90¾	91½	0	+0½	10.05
Int.-Am. Dv. Bk. 10 91	100	99¼	100	0	+0½	10.05
Japan Air Lines 8⅛ 87	100	93⅞	94⅝	+0⅛	+0⅛	9.42
Japan Dev. Bk. 7⅜ 87	100	92	92¾	0	+0⅛	9.38
Midland Int. Fin. 8½ 90	180	92¼	93	+0½	+0⅛	9.77
Mt. Bk. Dnmk. 10½ 91	100	99⅝	100⅜	−0⅛	+0½	10.52
Nat. West. 11 91	125	103⅜	104⅛	0	+0½	10.32
OKB 10⅛ 91	150	100⅛	100⅞	−0⅛	+1	10.04
Renault Accept 10⅜ 86	150	100½	100⅞	−0⅛	+0½	10.57
Swed. Ex. Cred. 10⅛ 91	100	99⅜	100⅛	0	+0⅛	10.25
Venezuela, R of 9⅜ 90	150	94	94¾	+0⅛	+1	10.76
World Bank 11 91	100	103⅛	104⅛	−0⅛	+0⅛	10.38

Average price changes... On day 0 on week +0⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	†94	94½	+0½	+0½	7.36
BFCE 6½ 91	100	93⅛	93½	+0½	+1½	7.51
Bayer Int. Fin. 5⅜ 92	100	†92	92½	+0⅛	+1⅛	6.25
Belgelectric Fin. 7⅜ 91	100	102⅝	102⅞	+0½	+1⅛	7.34
Bergen, City of 6⅜ 91	40	100	100⅛	+0½	+1⅛	6.72
CECA 6⅜ 91	80	96	96⅜	+0½	+1⅛	7.32
Dome Petroleum 5⅞ 91	100	91	91⅜	+0⅛	+1⅛	7.09
Dome Petroleum 7⅛ 90	100	102½	102⅞	−0⅛	−0⅛	6.88
Elec. de France 5⅜ 90	100	86⅞	87⅛	+0⅛	+1⅞	7.29
Eurofima 5⅜ 92	80	†89	89½	+0⅛	+0⅛	7.21
Finland, Rep. of 5⅝ 90	80	88	88⅜	+0⅛	+0⅛	7.62
Franc. Petroles 6½ 91	80	93	93⅛	−0⅛	+0½	[illegible]
Genstar 7 91	100	101½	101⅞	−0⅛	+0½	6.81
Int. Amer. Dv. Bk. 7 91	100	96	96⅜	0	+0⅞	7.27
I/S Elsam 8⅛ 91	30	104⅛	104⅝	+0⅛	+1⅛	7.88
Japan Dev Bank 5⅜ 90	100	†93⅜	93⅞	+0⅛	+0⅛	6.74
Mt Blanc Tunnel 5½ 90	60	87⅞	88⅛	+1⅛	+1⅛	7.40
Neder. Gasunie 8 91	100	104⅞	105⅛	+0⅛	+0⅝	7.27
OKB 7 93	100	98⅝	98½	+0⅛	+0⅛	7.20
Oslo, City of 8 91	100	104	104⅛	0	−0⅛	7.40
Swed. Ex. Credit 7⅛ 91	75	96⅛	96⅝	0	0	7.82
Trade Dev. Fin. 6⅛ 90	50	91	91⅛	+1⅞	+0⅝	7.53
Voest-Alpine 5⅜ 90	30	†88	88½	0	−0⅛	7.62
World Bank 6 91	100	91⅛	91⅝	+0½	+2	7.29
World Bank 7 90	100	100	100⅛	−0⅛	−0⅛	6.97
World Bank 8 91	100	103½	103⅞	−0½	+0½	7.47

Average price changes... On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91	15	97⅛	98½	+0½	+0½	8.55
Australia 6½ 88	20	87⅜	88⅜	+0⅛	+2⅛	8.96
EIB 7⅜ 89	12	95⅝	96⅝	+1⅛	+1⅞	8.44
Finland 6.2 88	10	86⅞	87⅞	+0½	+0⅛	9.48
Finland, Rep. of 6⅜ 87	15	98½	99½	+2⅝	+2⅞	8.59
New Zealand 8⅛ 87	15	100	101	+1⅛	+2⅝	8.24

Average price changes... On day +1⅛ on week +1⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 13½ 85 C$	50	†95	96	+0⅛	+0⅝	15.16
CIBC 11½ 85 C$	60	†92⅛	93⅛	+0⅛	+2	14.11
Federal Dev. 11½ 90 C$	60	†80½	81½	−0½	−1	15.61
Federal Dev. 17⅜ 86 C$	40	†103	104	+0½	0	16.64
Fst. Can. Inv. 10 84 C$	50	†89	90	+0½	+1½	15.28
GMAC (Can.) 18 87 C$	60	†104	105	0	−1	16.70
Tordom Cpn. 13½ 85 C$	30	†96½	97½	−1	−1	14.57
M. Bk. Dnmk. 9 91 EUA	25	77⅛	79	0	+1⅜	12.98
SOFTE 8⅛ 89 EUA	40	75	76⅛	0		
U. Bk. Nwy. 9½ 90 EUA	18	80½	81⅛	0		
Algemene Bk. 10⅛ 86 Fl	60	98⅛	98⅝	0		
Amfas Group 12⅛ 86 Fl	40	98⅛	99⅛	−0⅛		
Amro Bank 12 86 Fl	75	100½	101⅛	−0⅛		
Amro Bank 12 88 Fl	60	100⅛	100⅞	+0⅛		
Heineken NV 10 87 Fl	100	93⅞	94⅛	−0⅛		
Pierson 10⅛ 85 Fl	50	93⅛	94⅛	+0⅛		
Rabobank 12 88 Fl	60	100½	101	−0⅛		
Air France 14⅛ 85 FFr	200	91⅛	92⅛	0		
Bk. America 14⅛ 88 FFr	250	92	93	+0⅛		
Charbonnages 13⅞ 85 FFr	400	90⅛	91⅛	0		
EIB 14⅛ 88 FFr	300	87	88	0		
La Redoute 14⅛ 85 FFr	125	90	91	0		
OKB 14 86 FFr	400	91⅛	92⅛	0		
Solvay et C. 14⅛ 86 FFr	200	90½	91½	+0⅛		
Swed. E. Cr. 14⅛ 86 FFr	250	90⅛	91⅛	+0⅛		
U. Mex. Sts. 14 85 FFr	150	90⅛	91⅞	0		
Acona 14 85 £	20	91⅛	92½	+0⅛		
Beneficial 14⅛ 90 £	20	84	85	+1⅛		
BNP 13½ 91 £	15	86	86	+0⅛		
CECA 13⅛ 88 £	20	89⅛	90⅛	+0½		
Citicorp O/S 13⅛ 90 £	50	90⅛	91⅛	+0⅛		
Fin. Ex. Cred. 13⅛ 86 £	15	92⅞	93⅞	+1⅛		
Gen. Elec. Co. 12½ 89 £	50	87⅛	88⅛	+0½		
Hiram Walker 14⅛ 86 £	25	95	96	+0⅛		
Privatbanken 14½ 86 £	12	93	94½	+2⅛		
J. Rothschild 14⅛ 90 £	12	93⅛	94⅛	+0⅛		
Royal Trustco 14 86 £	12	94⅛	95⅛	0		
Swed. Ex. Cr. 13⅛ 86 £	20	92½	93½	+0½		
Akzo 9⅛ 87 LuxFr	500	86⅛	87⅛	+0⅛		
Euratom 9⅛ 88 LuxFr	500	87⅛	88⅛	−0⅛		
Eurofima 10½ 87 LuxFr	500	89	90	−0⅛		
EIB 9⅛ 88 LuxFr	600	84½	85½	0		
Volvo 9⅛ 87 LuxFr	500	86½	86⅛	+0⅛		

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Bank of Montreal 5¼ 90	0⅛	99½	100	18/12	18⅝
Bank of Montreal 5¼ 91	0½	100⅛	100½	29/4	17.0
Bk. Nova Scotia 5¼ 93	0⅛	100⅛	100⅞	29/4	17.0
BBL Int. 5 88	0⅛	99½	100	20/11	18.3
BFCE 5⅛ 88	0⅛	100⅛	100⅝	28/4	18.3
BNP 5½ 88	†0⅛	100⅛	100⅝	25/1	18⅛
Christiania Bk. 5½ 91	0⅛	98⅞	99⅛	5/2	15.5
Co-Ban Eurofin 5½ 91	0⅛	98⅞	99⅛	14/4	16.1
Den Norske Credit 6 90	†0⅛	98½	99⅛	8/2	15.1
Genfinance 5⅛ 87	0⅛	100⅛	101⅛	30/4	17.0
Genfinance 5⅛ 92	0⅛	99⅞	100⅛	30/12	[illegible]
Giro und Bank 5⅛ 91	†0⅛	99½	100	23/12	17⅛
GZB 5⅛ 92	†0⅛	98½	99⅛	5/12	[illegible]
Ind. Bank Japan 5⅛ 88	0⅛	100⅛	101	9/4	16⅛
Lloyds Eurofin 5⅛ 92	§0⅛	98⅞	99⅛	4/12	17.4
Lloyds Eurofin 5⅛ 93	§0⅛	100⅛	100⅝	29/4	[illegible]
LTCB Japan 5½ 89	0⅛	99⅞	100⅛	16/1	[illegible]
Midland Int. Fin. 5⅛ 92	0⅛	98⅞	99⅛	5/12	17⅛
Midland Int. Fin. 5 91	0⅛	100⅛	100⅝	30/4	17.0
Nacional Fin. 5½ 88	0⅛	98½	99	25/3	[illegible]
Nat. Bk. Canada 5⅛ 88	0⅛	100⅛	100⅝	24/3	17.3
Nat. West. Fin. 5⅛ 91	§0⅛	99⅞	100⅛	15/7	18⅛
Nat. West. Fin. 5⅛ 92	§0⅛	100⅛	100⅝	23/4	17
Nordic Int. Fin. 5½ 91	0⅛	98⅞	99⅛	6/5	15⅛
Pemex 6 91	0⅛	98⅛	98⅝	8/4	17
Pemex 5⅛ 88	0⅛	98⅞	99⅛	14/2	[illegible]
Sanwa Int. Fin. 5⅛ 88	0⅛	99⅛	100⅛	24/3	17⅛
Societe Generale 5⅛ 91	0⅛	99⅞	100⅛	22/1	15⅛
Sparebanken 6 87	0⅛	98⅞	99⅛	19/12	[illegible]
Sumitomo Fin. 5½ 88	0⅛	100⅛	101⅛	6/2	[illegible]
Svenska Hndlsbk. 5 87	0⅛	100	101⅛	15/1	18⅛

Average price changes.. On day 0 on week +[...]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day
Ajinomoto 5⅛ 96	7/81	933	96⅛	97⅛	+0
Bow Valley Inv. 8 95	4/81	23.12	98	99⅛	0
Canon 6⅛ 95	1/81	829	121½	123⅛	−0
Daiwa Secs. 5½ 96	12/81	539	†82	84	+1
Fujitsu 4½ 96	10/81	6770	104⅛	105⅛	+0
Furukawa Elec. 5⅛ 96	7/81	300	121⅛	122⅛	−0
Hanson O/S Fin. 9½ 96	8/81	2.74	†84	86	0
Hitachi Cred. Cpn. 5 96	7/81	1968	99	101	+0
Inchcape 8 95	2/81	4.55	†63	64	+4
Kawasaki 5⅛ 96	9/81	229	83⅛	84⅛	−1
Marui 6 96	7/81	931	102⅛	103⅛	−0
Matsushita El. 7½ 95	11/80	590	90⅛	91⅛	0
Minolta Camera 5 96	10/81	909	77	78⅛	+0
Murata 5⅛ 96	7/81	2190	88½	90	−0
NKK 6½ 96	7/81	188	98⅛	100	0
Nippon Chemi-C. 5 91	10/81	919	88	89	
Ricoh 6⅛ 95	3/80	604	127	129	−0
Sanyo Electric 5 96	10/81	652	90	91½	+0
Sumitomo Met. 5⅛ 96	10/81	305	89½	90	+0
Swiss Bk. Cpn. 6⅛ 90	9/80	200	†82	84	+3
Taylor Woodrow 6⅛ 90	1/81	4.94	†77	78	0
Transco Int. 6⅛ 95	2/81	68	†81⅛	83	0
Tricorp 8½ 95	12/80	31.26	†75	76⅛	0
Union Bk. Switz. 5 89	2/80	3070	79	80	+2
Sharp Cpn. 6⅛ 88 DM	9/80	591.8	178⅛	179⅛	+1
Uny Co. 6⅛ 85 DM	11/79	879.3	103	104	−0

* No information available—previous day's pri[ce]
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption [of the] mid-price; the amount issued is in millions of c[urrency] units except for Yen bonds where it is in b[illions]. Change on week=Change over price a week earl[ier].

Floating Rate Notes: Denominated in dollars unless [other]wise indicated. Coupon shown is minimum. C.dte=[Date] next coupon becomes effective. Spread=Margin [above] six-month offered rate († three-month; § above [mean] rate) for U.S. dollars. C.cpn=The current co[upon]. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless [other]wise indicated. Chg. day=Change on day. Cnv. [date=] First date for conversion into shares. Cnv. p[rice=] Nominal amount of bond per share express[ed in] currency of share at conversion rate fixed at [issue]. Prem=Percentage premium of the current effective [price] of acquiring shares via the bond over the most [recent] price of the shares.

.S. judge ·les on ·reign bank ·crecy

David Lascelles in New York

S. FEDERAL judge has here that foreign banks not use the secrecy laws ·ir own countries to shield customers from U.S. in- ·s into possible violations ·curities laws. The ruling ·ies the legal position in J.S., but it is unlikely to ·e the long-running row people who deal anony- ·ly in the U.S. markets ·gh foreign banks, mainly

·ge Milton Pollack said in ·rder: "It would be a ·sty of justice to permit a ·gn company to invade ·ican markets, violate ·rican laws, if they were in- violated, withdraw profits resist accountability for it- and its principals for the ·ility by claiming their ·ymity under foreign law."

·ge Pollack's ruling came ·e climax of a case in which Securities and Exchange ·mission (SEC) is trying to . down people who invested ·ily in stocks and options of ·Joe Minerals, the large ·ral resource company, ·ly before a $2bn takeover ·ast March by Seagram, the ·dian distilling company.

·e SEC identified Banca Svizzera Italiana as the ·e of many of the purchase ·rs, and ordered the bank to ·e its clients. The bank re- ·l, saying that Swiss bank- secrecy laws prevented it divulging client informa- The SEC went to court, Judge Pollack gave the one week to comply, or being barred from the U.S. ·ets.

·e bank then went to its ·ts and obtained waivers them which enabled it to the SEC the information ·anted. The SEC said this ·: that this information had ·led it to identify Mr ·eppe Tome, an Italian liv- in Switzerland, as one of main purchasers of St Joe

·r Tome, according to the ·, is also a friend and former ·ness associate of Mr Edgar ·fman, the chairman of Sea- ·n. Mr Tome bought the ·k on behalf of three Pana- ·ian companies, and another ·pany in Geneva. The SEC is understood to be trying to ·h Mr Tome.

·e St Joe case is only one several in which the U.S. ·orities are trying to crack ·foreign secrecy laws, and ·e foreign "insider trading." ·ecently won a court order ·ing transfers of funds ·Merrill Lynch accounts ·e it investigates insider ·ng charges connected with ·ait's $2.5bn bid for Santa ·nternational.

·e Commodity Futures Trad- ·Commission (CFTC), which ·es the commodity markets, ·also been trying to identify ·hasers of silver during last ·s debacle in the precious ·ls markets. The Swiss ·sbank, which is the target ·s inquiries, has been barred ·the U.S. markets for 90 for refusing to supply ·t information.

·e CFTC is putting together regulations which will ·pel commodity brokers who on behalf of foreign clients ·port their trading positions ·e barred from the markets.

·r John Fedders, the head ·nforcement at the SEC and ·er of the agency's campaign ·inst foreign secrecy, said week: "I respect the ·ign laws. But I know of no ·that were supposed to ·te a safe haven for active ·ation of the laws of another ·ntry."

Conti-Gummi co-operation pact with Toyo Rubber

BY KEVIN DONE IN FRANKFURT

WEST GERMANY's leading tyre manufacturer, Continental Gummi-Werke, is seeking to gain a manufacturing foothold in the Far East tyre market and has signed a co-operation agreement with Toyo Rubber Industry Company in Osaka.

The Japanese company is expected to acquire Conti-Gummi technology and in return will manufacture tyres for the German group for marketing under the Continental name.

Conti-Gummi said yesterday that production would begin in 1983 and was expected to rise to several hundred thousand tyres a year.

The group is hoping to provide tyres as original equipment for the Volkswagen Santana model that is to be built in Japan under the recently announced joint venture between VW and Nissan. Output of 60,000 units a year is expected to begin in October 1983.

Dr Carl Hahn, chief executive of Conti-Gummi who takes over as VW's chairman from January 1, said yesterday that the tyre group was also hoping to break into the market for equipping Japanese cars destined for export markets.

Conti-Gummi said yesterday that it had slumped back into losses during 1981. The group resumed dividend payments last year for the first time since 1971, but shareholders will again go empty-handed this year. For 1980 it paid a dividend of DM 2.50 per share.

In the first 10 months of 1981 Conti-Gummi group sales virtually stagnated at DM 2.59bn ($1.16bn), an increase of just 0.7 per cent.

The group operated profitably in the first half of the year, but has slipped badly in the last five months running up losses particularly in its technical rubber products division and at its Uniroyal subsidiary.

In an attempt to hold costs under control the group has cut its workforce by 5.6 per cent over the last year to 30,968 at the end of October.

Conti-Gummi has suffered too from the general fall in demand for replacement tyres, the growing over-capacities in the tyre industry worldwide and the inability to push through adequate price increases to cover rising raw materials costs.

Stockholm exchange halts share trading in Munksjo

BY WILLIAM DULLFORCE IN STOCKHOLM

TRADING in the shares of Munksjö, the loss-making Swedish timber and paper company, was suspended until further notice on the Stockholm stock exchange yesterday. A statement is expected from the company today.

Munksjö came close to liquidation after suffering losses of almost SKr 250m ($45.5m) in the years 1976-78. The pre-tax loss was reduced to SKr 36m in 1979 and to SKr 30m last year on a turnover of slightly in excess of SKr 1bn, but the company's financial situation remained critical.

Last month a new management advised by Professor Ulf af Trolle, Sweden's "company doctor," published a bold plan for Munksjö's financial restructuring.

It entailed halving the share capital to SKr 42m by writing down the nominal value of the shares from SKr 100 to SKr 50 and making two new share issues totalling SKr 71m, one of which would be offered to new investors.

The issues would curtail the influence of the old shareholders, including the family-owned Malmros company, which currently holds half the voting rights.

The management also outlined a programme including the closing down of the company's timber operation and aiming at changing this year's anticipated pre-tax loss of SKr 75m into a SKr 65m profit in 1982.

At the end of October, however, an extraordinary general meeting decided to postpone implementation of this plan. At the same time the company posted a pre-tax loss of SKr 50m for the first eight months and a loss of SKr 77m after extraordinary items.

Agache-Willot store offshoot registers loss

By David White in Paris

A BON MARCHE, the Paris department store 64 per cent owned by the troubled Agache-Willot concern, registered a net loss of FFr 32m ($5.7m) for the first half of this year as a result of special provisions connected with the group's recent problems.

This was despite an improvement in operating results, which showed a FFr 8.3m profit compared with FFr 6.4m in the first half last year. Turnover was up 13.6 per cent to FFr 249m.

The store had to provide almost FFr 20m to cover its share of the group's commitments to bankers at Korvettes, the U.S. discount store chain which Agache-Willot took over in 1979 and which is now being wound up.

A further provision of similar size was made to compensate for the depreciaiton in the share value of Belle Jardiniere, a former store which Agache-Willot controls mainly through Au Bon Marche. The two acquisitions—Belle Jardiniere in 1969 and Au Bon Marche in 1970—marked the textile group's big move into the retail sector.

The Agache-Willot group has been placed under a court-appointed administrator following the filing of a bankruptcy petition this summer for its manufacturing branch, Boussac-Saint Freres.

Payment of a dividend for 1980 at Au Bon Marche has been suspended pending a solution of the Korvettes problem. The company, which has major stores in Paris and Caen, made an operating profit of FFr 22m last year.

Esso cuts Italian supplies

BY JAMES BUXTON IN ROME

ESSO, the leading private sector oil company serving the Italian market, is to cut its supply of petroleum products by an average of 14 per cent for the November-January quarter. The supply of gas oil for heating will be cut by 31 per cent compared with last year. It will also suspend its L500bn ($419m) investment programme.

It is doing so to reduce losses it is making on the Italian market because of government delays in raising authorised petroleum product prices. This is part of a concerted action by all private oil companies operating in Italy, which are to cut imports of crude by 17.8 per cent and total sales by 15.3 per cent.

The action of the private sector companies, which currently account for about 45 per cent of Italy's crude oil supply, is intended to bring home to the Government and the public the consequences of the Government's refusal to apply promptly its agreed formula for determining product price changes.

The oil companies claim that their return on a barrel of crude is almost 25 per cent below the EEC average. Taking into account the losses of AGIP, the State-owned oil company which is part of the ENI group, oil companies operating in Italy say they lost about L1,500bn in the first 10 months of this year.

Esso lost L20bn in the first seven months of this year, and Total, the French company, says it lost L100bn in the first 10 months. Recently it denied rumours that it was planning to leave Italy altogether.

Earlier this month the price of petroleum products was finally raised after a delay of about three months, but the oil companies complained that the rise was inadequate.

The Government can ask AGIP to make up any shortfall in supplies to the market, but so far AGIP is only maintaining supplies under existing contracts.

Manitou in U.S. drive

By Terry Dodsworth in Paris

MANITOU, one of the leading French fork-lift truck companies, has announced plans for launching its range in the U.S. after the acquisition of slightly more than 50 per cent of K. D. Manufacturing in Texas.

The French company, which claims to be the largest world manufacturer of rough-terrain fork-lift trucks, has spent $2.3m to buy its North American foothold. Of this, $1.8m went on a 50.24 per cent stake in the U.S. group, and the rest to a capital increase in which KD itself also subscribed $500,000.

A new company, KD-Manitou, is being formed, with the aim of selling 250 units next year, rising to 1,000 by 1983. Manitou says there are good opportunities for growth in the U.S. because of the lack of domestic manufacturers offering an equally wide range of products.

Manitou, a private company which exports about 40 per cent of its production, had sales last year of FFr 656m ($117m) and net profits of FFr 20m. It makes about 5,000 fork-lift trucks a year and is a big importer of Toyota products.

Currency losses for Swiss bank

BY OUR FINANCIAL STAFF

BANQUE Scandinave en Suisse, the Geneva-based bank, has lost more than $28m on currency speculation over the past year.

The bank, which earlier this month revealed that it had sustained losses on portfolio management, said yesterday that of the latest figure the bank's losses were almost $17m. Customers lost the balance.

The bank's own losses represented approximately one year's revenue and would be covered by reserves, BSS said. The customers' losses were incurred by a "small number of foreign clients."

TYRE CAPACITY

The table in the report on European tyre manufacturers in yesterday's Financial Times indicated manufacturers' shares of production capacity in Europe, not market share.

Japanese shipping groups have strong first half

BY YOKO SHIBATA IN TOKYO

FOUR OF Japan's six major shipping companies have reported growth in operating earnings for the first half ended September 30 with the top three Nippon Yusen, Mitsui OSK, and Kawasaki Kissen — achieving record levels.

The setbacks at Yamashita Shinnihon and Showa Line were caused by accounting changes made to retain a considerable proportion of earnings in internal reserves. Mitsui OSK's operating profits would have doubled but for the changes.

All six companies made the changes because they are obliged to repay interest rate subsidies to the Government for domestic shipbuilding if their net profits exceed 10 per cent of capital.

All the companies except Japan Line, which is undergoing a financial reconstruction, expect record results for the full fiscal year for the third year running. This would mean that at least Nippon Yusen's earnings are likely to exceed 10 per cent of its capital.

The companies attributed the first-half growth to steady liner business reflecting the surge in exports spurred by this year's heavy depreciation of the yen. Exports to developing countries and of electronic consumer goods and machine tools were particularly strong.

This more than offset the decline in imports caused by the stagnant domestic economy and the worldwide weakness of crude oil and steel shipments.

Tramp freight fell less than expected because of the support of advance freight contracts. Earnings were also helped by stable fuel costs and the increase in dollar denominated freight.

The interest subsidy scheme was resumed in fiscal 1979 to stimulate reconstruction of the Japanese-flag merchant fleet. Japanese shipowners have tended to order vessels through their foreign subsidiaries and use foreign crews who earn about one-third of that of their Japanese counterparts. The owners would charter back these vessels under foreign flags.

The Ministry of Transport uses the subsidies to help reduce the cost differential between Japanese and foreign flag ships. It has applied to the Ministry of Finance for continuation of the programme in the fiscal 1982 budget.

But in view of the shipping lines' growth in operating earnings and the Government's fiscal restraint, continuation of the subsidy is likely to come under close scrutiny.

SIX MONTHS RESULTS

	Sales Ybn	Change %	Operating profits Ybn	Change %	Net profits Ybn	Change %
Nippon Yusen	313.75	+5.8	17.75	+81	7.38	+156
Mitsui OSK	278.55	+7.2	10.48	+39	4.65	+65
Kawasaki Kisen	194.28	+10.8	3.34	+1.4	1.40	−21.9
Japan Line	138.43	−7.4	0.91	+593	3.55	−19.3
Yamashita-Shinnihon	109.93	−2.7	4.20	−7.1	1.67	−19.9
Showa Line	98.25	+15.4	2.58	−20	2.32	−2.6

Discussions in Japan on terms for foreign commercial paper

BY RICHARD C. HANSON IN TOKYO

THE BANK of Japan appears to be suggesting a compromise on the problem of setting conditions for the sale of foreign commercial paper (CCP) in Japan, which is due to start next April.

The banks and the securities companies remain far apart in their views of how to handle CP, which is unsecured short-term debt issued by corporations. The Ministry of Finance, which will have the final say, has yet to reveal its position.

The central bank however is leaning towards a "prudent" middle road between the stances of the banks and securities houses. In their informal discussions so far the latter are pushing for a minimum of restrictions on the terms for selling CP.

They want no limits on the maturities for CP and would like to make CP available in units as small as Y10m ($45,000). They would not restrict who can buy CP, and would not exclude overseas subsidiaries of Japanese companies from the market. They would also like to see yen CP issues.

The banks appear to favour terms which would make the minimum unit Y500m and impose maturities of three and six months—the same conditions set for certificates of deposits (CDs) issues by the banks. They would also limit purchases to institutional investors.

The Bank of Japan reportedly thinks that CP units should be set at a minimum of Y200m-Y400m, with maturities greater than one month. It would also recommend certain restrictions on who can issue and who can buy CP.

The Government remains opposed, for the time being, to allowing Japanese companies to issue unsecured CP in Japan. Such issues would violate the "principle" established before the Second World War that capital note issues should be backed by adequate security or bank guarantees.

The Bank of Japan considers the issue to be separate from that of foreign CP.

Sales of foreign issued CP and CDs by the banks and securities houses will be liberalised under changes in the securities transactions and banking laws which take effect from April 1.

Australian Treasurer neutral on reform

By Our Sydney Correspondent

THE CAMPBELL Committe report on the thorough overhai of Australia's financial syste has inevitably raised issue which are politically and sociall sensitive, Mr John Howar Treasurer, told the feder parliament when he tabled t report yesterday.

The committee, chaired l Mr Keith Campbell, a leadin businessman, advocates wi ranging measures to open u the highly protected system international forces. Its recor mendations include t abandoning of foreign exchan controls and the setting interest rates. It also suggest awarding full licences to limited number of forei banks.

Mr Howard said the Gover ment will establish a speci task force which might take to two years to study the rep He would not comment specific recommendations, said implementations of ma of them would continue the p cess of measured and deregulation which ha place in recent years.

Mr Campbell, sensing official reluctance to accept t committee's principle recom mendations, said the Gover ment should muster the poli cal courage to implement t report.

Singapore Land profit down 24%

SINGAPORE — Singap Land, one of the republi biggest property develope reported yesterday a 24 per c fall in after-tax profit in t year ended August to S$5. (U.S.$2.6m).

The drop was a result of higher tax charge and a loss rental income after the sale a property. The S$15m ex ordinary gain from the s brought attributable pro excluding minority interests, S$19.8m, more than 150 per c up on the 1980 total.

The company declared unchanged 5 cents a share d dend, and proposed a one- five scrip issue.

The company also propo a S$100m new loan stock is AP-DJ

CURRENCIES, MONEY and GOLD

Dollar firmer

…improved against most major currencies, and …ear the top of the day's …espite a continuing … in U.S. interest rates. …ss about the future interest rates in some … centres, such as …d Frankfurt tended to …e level of trading, with demand for the U.S. … probably reflecting New York.

… weakened, although …terest rates showed a …d following the recent …n the Bank of England …gainst a sharp fall in … Profit-taking after the …ecent rise may have …art in the fall, coupled …s about the economy … Monday's sharp fall in …ces in London.

…n currencies lost … the dollar, but there … movement within the … Monetary System. The …emained the weakest … while the Danish krone … the top of the system.

…R — trade-weighted …ank of England) rose …from 106.9. The U.S. … rose to DM 2.2525 from … against the D-mark; …6875 from FFr 5.6375 …he French franc; to …25 from SwFr 1.7625 in … the Swiss franc; but …Y224.50 from Y225.40 …e Japanese yen.

…NG — trade-weighted …nk of England) fell to … 91.3, after opening at …falling to 90.6 at noon. …d touched a high point …-1.9125 in early trading, …ned to a low of $1.8875 … the afternoon, before …t $1.8930-1.8940, a fall …s on the day. Market … suggested that the …s may have intervened …t the pound on a small …rling fell to DM 4.2675 …4.2975; to FFr 10.7650 … 10.7875; to Y425 from …out rose to SwFr 3.4150 …r 3.3725.

…CHE MARK—Weakest member of the European Monetary System following the recent currency realignment but recovering after trading close to its divergence limit for several weeks. It has also recovered against the dollar as U.S. interest rates continue to decline, but shows signs of weakening once more amid rumours of lower German rates—The Deutsche Mark showed mixed changes at the Frankfurt fixing, losing ground to the dollar and Swiss franc, but improving against sterling and the French franc. The Bundesbank sold $3m as the dollar rose to DM 2.2404 from DM 2.2392, and later improved to DM 2.2555 in the afternoon. There was some surprise at the strength of the U.S. unit following the removal of the surcharge on the Federal Reserve discount rate, but this may have reflected fears of imminent cuts in West German interest rates. The Swiss franc rose to DM 1.2595 from DM 1.2550 at the fixing, but sterling fell to DM 4.2680 from DM 4.3090, and the French franc to DM 39.65 per 100 francs from DM 39.66.

ITALIAN LIRA—Reasonably firm within the EMS following the latest reshuffle of the system, involving a devaluation of the weaker members including the lira. Italy's poor economic performance and high inflation compared with several other EMS currencies is likely to lead to a further depreciation particularly against the Deutsche Mark—The lira rose against most currencies at the Milan fixing, but declined against the dollar. The U.S. currency was fixed at L1,196.80, compared with L1,195.20, and improved to L1,199.50 in the afternoon. The Dutch guilder rose to L489.58 from L489.25 at the fixing, but the Deutsche Mark fell to L533.81 from L533.99, and the Danish krone, strongest member of the EMS, to L166.05 from L166.19. The Swiss franc weakened to L671.75 from Monday's record of L675.11.

THE DOLLAR SPOT AND FORWARD

Nov 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8875-1.9125	1.8930-1.8940	0.42-0.32c pm	2.34	0.87-0.77 pm	1.73
Ireland†	1.5730-1.5825	1.5740-1.5770	0.80-0.70c pm	5.70	2.00-1.80 pm	4.81
Canada	1.1864-1.1890	1.1877-1.1880	0.39-0.42c dis	−4.09	0.90-0.95dis	−3.11
Nethlnd.	2.4430-2.4600	2.4550-2.4570	0.37-0.27c pm	1.56	1.02-0.92 pm	1.58
Belgium	37.48-37.77	37.72-37.74	15-21c dis	−5.74	4-47 dis	−4.62
Denmark	7.2025-7.2450	7.2350-7.2450	0.60-0.85ore dis	−1.20	2.40-2.90dis	−1.47
W. Ger.	2.2360-2.2575	2.2520-2.2530	0.44-0.39pf pm	2.21	1.38-1.28 pm	2.35
Portugal	64.15-64.45	64.20-64.35	30-110c dis	−13.07	70-240 dis	−9.65
Spain	95.55-96.00	95.95-96.00	25-35c dis	−3.76	65-80 dis	−3.03
Italy	1,195-1,202	1,200-1,201½	7½-9½ lire dis	−8.01	24-27 dis	−8.51
Norway	5.8220-5.8575	5.8525-5.8575	0.40-0.80ore dis	−1.23	1.20-1.60dis	−0.96
France	5.6450-5.7050	5.6850-5.6900	1.33-1.53c dis	−3.01	5.35-5.75dis	−3.90
Sweden	5.5000-5.5120	5.5070-5.5120	par-0.20ore dis	−0.22	0.10pm-0.10dis	—
Japan	223.50-225.75	224.45-224.55	1.20-1.05y pm	6.01	3.10-2.95 pm	5.39
Austria	15.69-15.80	15.75¾-15.76¾	4⅝-3¾gro pm	3.04	10¾-6¾ pm	2.22
Switz.	1.7775-1.8075	1.8020-1.8030	0.65-0.55c pm	3.99	1.60-1.50 pm	3.44

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Nov 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8875-1.9125	1.8930-1.8940	0.42-0.32c pm	2.34	0.87-0.77 pm	1.73
Canada	2.2420-2.2675	2.2485-2.2495	0.25-0.35c dis	−1.60	0.65-0.85dis	−1.33
Nethlnd.	4.63½-4.69½	4.65¾-4.66¾	1⅝-1⅛c pm	3.54	3⅞-3⅜ pm	3.11
Belgium	71.10-72.10	71.40-71.50	13-23c dis	−3.02	44-54 dis	−2.74
Denmark	13.67-13.80	13.70½-13.71½	1⅛ore pm-⅜ dis	0.38	1 pm-⅜ dis	0.05
Ireland	1.1975-1.2185	1.2005-1.2020	0.25-0.36p dis	−3.05	0.82-1.01dis	−3.05
W. Ger.	4.23½-4.30½	4.26¾-4.27¾	1⅞-1⅝pf pm	4.57	4⅝-4⅛ pm	4.10
Portugal	121.25-123.25	121.50-121.80	30-210c dis	−11.84	80-435 dis	−8.47
Spain	181.50-183.50	182.00-182.20	10-30c dis	−1.32	45-85 dis	−1.43
Italy	2,270-2,294	2,271½-2,273½	9½-12½ lire dis	−5.81	36½-40½dis	−6.78
Norway	11.04-11.16	11.08-11.09	1⅜-⅛ore pm	0.81	2¾-1⅝ pm	0.79
France	10.73-10.84	10.76-10.77	½-1½c dis	−1.11	6½-7½ dis	−2.48
Sweden	10.42-10.52	10.42¾-10.43¾	2⅜-1⅞ore pm	2.01	4⅜-3¾ pm	1.60
Japan	422-433	424½-425½	3.15-2.85y pm	8.47	7.75-7.45 pm	7.15
Austria	29.80-30.20	29.82-29.87	15-10ro pm	5.02	33-23 pm	3.75
Switz.	3.37-3.43	3.41-3.42	1⅝-1¼c pm	5.27	4⅜-3⅝ pm	4.54

Belgian rate is for convertible francs. Financial franc 79.40-79.50. Six-month forward dollar 1.00-0.90c pm, 12-month 1.20-0.95c pm.

CURRENCY MOVEMENTS

Nov. 17	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.2	−33.6
U.S. dollar	107.3	+1.1
Canadian dollar	88.4	−16.4
Austrian schilling	117.6	+24.6
Belgian franc	106.7	+9.4
Danish kroner	88.6	−9.0
Deutsche mark	122.3	+43.3
Swiss franc	154.0	+104.8
Guilder	115.4	+20.2
French franc	81.2	−14.3
Lira	55.8	−57.4
Yen	141.9	+36.2

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

Nov. 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.604579	0.559416
U.S. $	13	1.16304	1.09587
Canadian $	16.13	1.37937	1.30228
Austria Sch.	6¾	18.2644	17.2067
Belgian F.	13	43.5602	41.0672
Danish Kr.	11	8.35644	7.88158
D mark	7½	2.60428	2.45341
Guilder	9	2.84131	2.67356
French Fr.	9½	6.56711	6.18938
Lira	19	1390.12	1309.12
Yen	6¼	264.010	248.409
Norwgn. Kr.	9	6.81774	6.37558
Spanish Pts.	8	111.401	104.960
Swedish Kr.	11	6.38276	6.01534
Swiss Fr.	6	2.05881	1.95973
Greek Dr'ch.	20½	—	61.9541

OTHER CURRENCIES

Nov. 17	£	$		£ Note Rates
Argentina Peso	12,296-12,316†	6484-6504	Austria	29.65-29.95
Australia Dollar	1.6540-1.6560	0.8740-0.8745	Belgium	78-79
Brazil Cruzeiro	220.49-221.49	116.33-116.91	Denmark	13.58-13.71
Finland Markka	8.247-8.257	4.3545-4.3565	France	10.66-10.81
Greek Drachma	106.236-110.106	56.40-56.60	Germany	4.22-4.26
Hong Kong Dollar	10.73½-10.75½	5.6720-5.6770	Italy	2290-2320
Iran Rial	152.20*	79.20*	Japan	424-429
Kuwait Dinar (KD)	0.534-0.540	0.2814-0.2816	Netherlands	4.61-4.65
Luxembourg Fr.	71.40-71.50	37.72-37.74	Norway	10.98-11.08
Malaysia Dollar	4.2550-4.2650	2.2485-2.2515	Portugal	121-131
New Zealand Dlr.	2.2630-2.2850	1.2050-1.2060	Spain	178¼-190¼
Saudi Arab. Riyal	6.50-6.56	3.4200-3.4220	Sweden	10.38-10.48
Singapore Dollar	3.8675-3.8975	2.0545-2.0575	Switzerland	3.35½-3.39½
Sth African Rand	1.8270-1.8290	0.9650-0.9660	United States	1.88½-1.90½
U.A.E. Dirham	6.98-7.04	3.6715-3.6735	Yugoslavia	81-89

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 18,703-18,723 and for the dollar 9,850-9,900.
* November 16 Finnland Markka/Sterling 8.325-8.335.

EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 17	% change from central rate	% change adjusted for divergence	Divergence limit %
[illegible]	40.7572	40.9525	+0.48	−0.05	±1.5368
[illegible]	7.91117	7.85612	−0.54	−1.07	±1.6412
Mark	2.40989	2.44706	+1.54	+1.01	±1.1077
[illegible]	6.17443	6.17547	+0.02	−0.51	±1.3733
[illegible]	2.66382	2.67180	+0.30	−0.23	±1.5063
[illegible]	0.684452	0.690273	+0.85	+0.32	±1.6688
[illegible]	1300.67	1305.63	+0.38	+0.38	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for November 17 — 0.576474

EXCHANGE CROSS RATES

Nov. 17	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.894	4.268	425.0	10.765	3.415	4.663	2273.	2.249	71.45
U.S. Dollar	0.528	1.	2.254	224.5	5.685	1.804	2.462	1200.	1.188	37.73
Deutschemark	0.234	0.444	1.	99.59	2.523	0.800	1.093	532.6	0.527	16.74
Japanese Yen 1,000	2.353	4.456	10.04	1000.	25.33	8.035	10.97	5347.	5.292	168.1
French Franc 10	0.929	1.759	3.964	394.8	10.	3.172	4.331	2111.	2.089	66.37
Swiss Franc	0.293	0.554	1.250	124.5	3.152	1.	1.365	665.4	0.659	20.92
Dutch Guilder	0.214	0.406	0.915	91.15	2.309	0.732	1.	487.4	0.482	15.32
Italian Lira 1,000	0.440	0.833	1.878	187.0	4.737	1.503	2.052	1000.	0.990	31.44
Canadian Dollar	0.445	0.842	1.898	189.0	4.787	1.518	2.073	1010.	1.	31.77
Belgian Franc 100	1.400	2.650	5.973	594.8	15.07	4.780	6.526	3181.	3.148	100.

LONDON INTERBANK FIXING (11.00 a.m. NOVEMBER 17)

3 months U.S. dollars		6 months U.S. dollars	
bid [illegible]/16	offer 12 13/16	bid 13	offer 13 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Nov. 17	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	—	12¾-13	18-19	11⅜-11½	4¾-5¼	10⅝-10¾	15⅜-15⅝	17½-19½	15½-16½	6-6¼
7 days' notice	15⅝-15⅞	12¾-13	18-19	11⅜-11½	4¾-5¼	10⅝-10¾	15⅜-15⅝	19-21	16-18	6⅜-6⅝
Month	15-15⅛	12⅞-13	16⅛-16⅞	11⅛-11¼	8¾-8⅞	10½-10⅝	15⅜-15⅝	20-21	18-19	6⅞-7⅛
Three months	14[illegible]-14[illegible]	12⅝-12⅞	16⅛-16⅛	11⅛-11¼	9¼-9⅜	10⅜-10½	16½-16¾	21⅛-22⅛	17¼-18	7[illegible]-7[illegible]
Six months	14⅜-14½	13-13¼	15¾-15⅞	11⅛-11¼	9[illegible]-9[illegible]	10-10⅛	17⅜-17⅝	22-22¾	17¼-17¾	7[illegible]-7[illegible]
One year	14[illegible]-14[illegible]	13⅛-13⅜	15½-15⅞	11⅛-11¼	8[illegible]-8[illegible]	9-9[illegible]	18⅛-18½	21½-22¾	16-16½	7[illegible]-7[illegible]

Asian $ fixed deposits: one month 12-12⅛ per cent; three months 12[illegible]-12[illegible] per cent; six months 12⅜-12½ per cent; one year 12¾-12⅞ per cent.
Long-term Eurodollar two years 14⅜-14⅝ per cent; three years 14½-14¾ per cent; four years 14⅝-14⅞ per cent; five years 14¾-15 per cent nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one month 12.70-12.80 per cent; three months 12.70-12.80 per cent; six months 12.80-12.90 per cent; one year 12.95-13.05.

MONEY MARKETS

London rates firm

UK clearing bank base lending rates 15 per cent (since November 10)

Interest rates rose in London … following moves on … to show the authorities' disapproval of the … which rates have fallen. Three-month interbank … rose to 14[illegible] per cent … per cent while the one-… rate was higher at 15 per … compared with 14[illegible] per … firmer trend in short … rates also reflected the … of day to day credit … ed yesterday with one-… ey finishing at 15⅞ per … at 15½ per cent. Overnight … ney opened at 15½-15⅝ … and rose to 15⅞-16 per … touched 17 per cent be-… ing back to 13-14 per … ing balances were taken … per cent.

… Bank of England gave a … of −£500m in the morning … bills maturing in official … d a net take-up Treasury … accounting for −£30m … unwinding of previous … repurchase agreements … −£235m. There was also the repayment of Monday's lending −£115m partly offset by Exchequer transactions +£35m. In the morning the Bank gave assistance totalling £442m. In band 1 (up to 14 days) this comprised purchases of £3m Treasury bills at 14⅝ per cent, £7m local authority bills at 14⅝-14[illegible] per cent and £80m eligible bank bills at 14⅝-14[illegible] per cent. In band 2 (15-33 days) the Bank bought £5m Treasury bills at 14⅝ per cent, £20m local authority bills at 14⅝ per cent and £299m eligible bank bills at 14⅝ per cent. In band 3 (34-63 days) it bought £10m Treasury bills at 14½ per cent, and £18m eligible bank bills at 14½-14[illegible] per cent.

Further help was given during the afternoon worth £103m, bringing the day's total to £545m. The afternoon assistance comprised purchases of £11m of eligible bank bills at 14⅝ per cent in band 1 and in band 2, £3m Treasury bills at 14⅝ per cent and £47m eligible bank bills at 14⅝ per cent. In band 3 the bank bought £7m Treasury bills at 14½ per cent and £35m eligible bank bills at 14½ per cent.

GOLD

Further fall

Gold fell $5 to $399-400 in the London bullion market yesterday. It opened at $397½-398½ and was fixed at $395.75 in the morning and $398.75 in the afternoon. The metal touched a low of $395-396, and a peak of $400-401.

In Paris the 12½ kilo gold bar was fixed at FFr 74,500 per kilo ($409.43 per ounce) in the afternoon, compared with FFr 74,500 ($409.12) in the morning, and FFr 75,000 ($413.13) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 28,710 per kilo ($398.04 per ounce), against DM 29,465 ($410.02) previously, and closed at $398-399, compared with $403½-404½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $396.75 per ounce, against $411.10.

In Zurich gold finished at $397-400, compared with $403-406.

GOLD

	Nov. 17		Nov. 16	
Gold Bullion (fine ounce)				
Close	$399-400	(£210½-211)	$404-405	(£211-211½)
Opening	$397½-398½	(£208-208½)	$412½-413½	(£215-215½)
Morning fixing	$395.75	(£207.743)	$408.25	(£211.913)
Afternoon fixing	$398.75	(£210.145)	$404.25	(£210.328)
Gold Coins				
Krugerrand	$411-412	(£216¾-217¼)	$416½-417½	(£217½-218)
1/2 Krugerrand	$211¾-212¾	(£111¾-112¼)	$214½-215½	(£112-112½)
1/4 Krugerrand	$108-109	(£57-57½)	$109½-110½	(£57-57½)
1/10 Krugerrand	$44-45	(£23¼-23¾)	$44½-45½	(£23¼-23¾)
Mapleleaf	$411-413	(£216¾-217¾)	$415-417	(£216¾-217¾)
New Sovereigns	$97¾-98¼	(£51½-51¾)	$99-99½	(£51¾-52)
King Sovereigns	$103-104	(£54½-55½)	$105¼-106¾	(£55¼-55¾)
Victoria Sovs.	$103-104	(£54½-55½)	$105¾-106¾	(£55¼-55¾)
French 20s	$88-98	(£46½-51¾)	$89-99	(£46½-51½)
50 pesos Mexico	$493-496	(£260-261½)	$500-503	(£261¼-262¾)
100 Cor Austria	$388-390	(£204¾-205¾)	$393-396	(£205½-206½)
$20 Eagles	$495-501	(£261-264¼)	$500-505	(£261¼-263¾)

UK MONEY RATES

[illegible]	15-15½
[illegible]	13½-13⅝
Treasury Bills (13-week)	10.66
Treasury Bills (26-week)	11.10
Lombard	11.0
[illegible] rate	10.85
[illegible]	10.85
[illegible]hs	10.85
[illegible]	10.025
[illegible] rate	15.25
[illegible] rate	15.625
[illegible]	15.25
[illegible]hs	15.25
[illegible]	15.375
[illegible]	6.25
[illegible] (additional)	6.8875
[illegible] (three-month)	7.34375

LONDON MONEY RATES

Nov. 17 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13-18	15-17	—	—	15-15¾	14-15¼	—	—	—
2 days notice	—	—	15⅛-15⅜	—	—	—	—	—	—	—
7 days or…	—	—	—	—	—	—	—	—	—	—
7 days notice	—	15⅝-16	15⅛-15¼	—	—	15¾-16	14¾	—	—	—
One month	15[illegible]-14⅞	14⅞-15⅛	14⅞	15⅜-15	15⅛	15¼-15½	14¼-14½	14[illegible]	14[illegible]-14[illegible]	15¼
Two months	14[illegible]-14⅝	14⅝-14⅞	—	15⅛-14¾	14⅞	15⅛	14	14¼	14[illegible]-14[illegible]	14⅞
Three months	14⅝-14[illegible]	14⅝-14¾	14[illegible]	14¾-14½	14¾	15	13¾	13[illegible]	13⅞	14⅝
Six months	14⅜-14⅛	14¼-14⅜	14¼	14⅛-13¾	14[illegible]	—	—	—	13[illegible]	13⅞
Nine months	14[illegible]-14[illegible]	14⅛-14⅜	—	14½-14⅛	14[illegible]	—	—	—	—	—
One year	14¼-14[illegible]	14⅛-14⅜	14⅛-14[illegible]	14½-14⅛	14⅝	—	—	—	—	—
Two years	—	—	14¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 14¾ per cent; four years 15 per cent; five years 15 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four month bank bills 13¾-13[illegible] per cent; four month trade bills 14¾ per cent.

Approximate selling rate for one month Treasury bills 14[illegible]-14⅜ per cent; two months 14⅜ per cent; three months 13[illegible] per cent. Approximate selling rate for one month bank bills 14[illegible] per cent; two months 14⅜-14[illegible] per cent; and three months 13¾ per cent; one month trade bills 15 per cent; two months 14⅝ per cent; three months 14⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16 per cent from November 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 15½ per cent. Treasury Bills: Average tender rate of discount 13.8380 per cent.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

[illegible]

WORLD STOCK MARKETS

Wall St edges up at 1 pm

STRENGTH IN Energy stocks managed to push the market narrowly higher at midsession but the worsening economic outlook continued to prevent any significant rise.

The Dow Jones Industrial Average, up 2.57 at 10.30 am, was 1.34 higher at 846.37 by 1 pm, on volume of 30.8m shares (32.9m). The NYSE All Common Index added 9 cents at $70.08.

The only significant activity in the market centred on Energy stocks, buoyed by takeover speculation developing after Mobil's bid for Marathon Oil.

Mobil and Marathon were the two most active issues, with Mobil off ¼ to $25¾ and Marathon down ⅛ to $77⅛. Marathon's request for a preliminary injunction barring Mobil from proceeding with its offer is being heard in Ohio.

Other Energy stocks with gains included Cities Service, up 1 to $51⅝, Texas Oil and Gas, 1⅜ to $35⅛, and Texas International, 1¼ to $36⅛.

GEO International rose 1⅜ to $35⅛, after reporting sharply *higher earnings*.

Merck was up 1⅜ to $80⅛. Its hepatitis vaccine was approved by the Food and Drug Administration. ITT rose ⅞ to $28⅞ in heavy trading, on filing for a $150m note offering.

THE AMERICAN SE Market Value Index was up 0.50 at 310.37 on volume of 3m shares (3.1m).

Canada

Stock prices were off slightly at midsession with the composite index down 0.1 at 1,868.9.

Most active Hudson's Bay Oil and Gas resumed trading and was off C$1⅛ at C$47⅞. Dome, which has made an offer for Hudson's Bay Oil, was up ⅛ at C$12⅞.

Dome said it is examining the budget's effects on its merger.

Among the indices, Golds fell 38.5 to 2,905.7, Oil and Gas rose 4.7 to 3,482.3, Metals gained 4.4 to 1,704.6 and Real Estate gained 23.2 to 6,076.1.

Hudson's Bay Company, which announced the closing of its Shop-rite retail store division, was unchanged at C$21⅛.

Germany

Selling pressure in Motors sector and in Siemens pushed the broader market lower in *moderate trading*.

While volume was cut ahead of today's holiday for German markets, sizable selling orders appeared for Daimler shares, which fell DM 5.80 to DM 335.70. VW was also DM 1.50 lower at DM 123.50, while BMW closed unchanged at DM 185.80.

Siemens fell DM 4.80 to its *lowest level in seven years to* close at DM 197.30, helping pull the Commerzbank index down to 679.6, off 5.2.

Elsewhere in Electricals, AEG gained 50pf to DM 43.8, while BBC shed 20pf to DM 221.30. Stores were mixed, with Karstadt falling DM 3 to DM 210 while Kaufhof gained DM 1.30 at DM 155.80.

Bond prices eased as speculation about a Bundesbank interest rate cut this week subsided. The Bundesbank bought DM 50.5m-worth of paper. Mark Eurobonds were steady.

Amsterdam

Share prices were lower, with Akzo down Fl 0.70 and KLM Fl 0.10 in Dutch *Internationals*, while Unilever added Fl 1.60 on higher third-quarter results.

ABN was down Fl 1 and NMB Fl 0.50 in Banks, while in mixed Investment Funds Rolinco fell Fl 1.50 and Robeco Fl 2. Gist-Brocades fell Fl 2 and Pakhoed Fl 0.90, while Publishers VNU and Elsevier were down Fl 1.20 and Fl 1.

In Inactives, Dell fell Fl 2.70 and Fokker Fl 1.70. State loans tended higher where changed.

Paris

Share prices eased in thin trading with sentiment depressed by Monday's losses on Wall St.

In easier Cars, Peugeot was down FFrs2.3 at FFr138 after reporting higher turnover for *Automobiles* Peugeot and Automobiles Citroen in the first nine months.

In easier Oils, CFP was down FFr2.2 at FFr98.8, CFR was down FFr0.5 at FFr80.8, Esso was down FFr4.5 at FFr191.5 and BP was down FFr0.4 at FFr50.2 after they all reported higher nine-month net turnover.

Banks were *mixed* with an easier bias, while Portfolios, oods, Rubbers, Stores and Chemicals were all easier.

In the Foreign sector Americans were mixed, while Germans, Oils, Gold Mines and Coppers were easier.

Tokyo

Prices fell on profit-taking, with many investors cautious about the fast pace of price rises in the last three days, coupled with Mondays sharp fall on Wall St.

The Nikkei Dow Index lost 26.32 at 7,648.6 in moderate trading with a volume of 360m shares. The Tokyo Stock Exchange index lost 1.08 to 565.08.

Blue Chips in Light Electricals, Motors and Heavy Electric Machines were sold, but High Technology issues recovered sharply from a lower opening. Matsushita Electric closed at Y1,290 as it moved ex-dividend and rights, compared with Y1,460 *on Monday*.

Major losers included Sony, down Y160 to Y4,040, Pioneer, down Y80 to Y2,540, Honda Motor, down Y18 to Y887, Hitachi down Y9 to Y676, Mitsui and Co down Y8 to Y378 and Nippon Oil down Y40 to Y1,110.

But Robot Makers, Optical Fibres, Machine Tools and Precisions closed higher.

Australia

Investor interest centred on takeover action as the market slipped sharply downwards. The All Ordinaries index slipped 5.8 to 565.3.

New South Wales quarrying and construction group BMI announced a A$215m bid plastics and concrete prod group Humes shortly after market closed.

Elsewhere, Metal and Oil is weakened significantly in dued trading and a numbe key industrial stocks e slightly.

Market leader BHP lost cents at A$10.05, CSR 10 cen A$4, Hooker 4 cents at A and TNT 1 cent at A$2.44.

Banks were subdued the Campbell Report on Australian financial system t in Parliament after the m closed. Bank of NSW fell 8 to A$2.95 and ANZ was stead A$5.56, with the market fa to be impressed by its re profit and bonus share announced on Monday.

Hong Kong

The stock market closed near its lows after falling day in sympathy with Wal and the London market Monday.

The sharp fall in comm markets overnight, which fo investors to sell their share margin payments, was also as a depressant.

The Hang Seng Index bro the 1,400 level, losing points to 1,386.31.

Cheung Kong closed cents at HK$21.70, Hutchison Whampoa 70 cents at HK$ Hongkong Land 45 cent HK$9.55, Sun Hung Kai 35 at HK$8.86, Swire Properties cents at HK$7.15, Sino La cents at HK$1.13 and New W Developments 20 cents HK$4.95.

Johannesburg

Gold shares fell sharply a bullion price held below but buying at the lower took some issues off the lows.

Producer falls stretche R4.50 as in Hartlies at R after R58.25, while We Holdings shed R3.25 to I and Durban Deep R2.7 R24.50.

Closing prices from North America were not available for this edition.

Indices

NEW YORK ACTIVE STOCKS

...ld futures ...nbership ...ing date

...Edwards

...ATIONS for the 38 memberships of the London Gold Futures ...will close on November

...ssion on the successful ...s is expected to be ...n after the closing date. ...ority of the 31 member ...s of the London Metal ...e and the London ...market are expected to ...out seven extra seats ...liberately been made ...to broaden the ...hip.

...te of the present de... ...date of the gold market, ...pected that applications ...or membership will ...the 38 seats available. ...of each seat is £55,000, ...ue Added Tax, and they ...e transferred for three ...cept being sold back to ...change at a mutually ...rice. "Floor" members ...o have to guarantee ...ing an active presence ...market during trading ...which will involve sub... ...additional costs.

...osing date of November ...as only to "floor" mem... ...d applications for non... ...membership will continue ...ther notice.

...market, which is to be ...in the giant Plantation ...ffice block in the City, ...cted to start trading ...the spring, although no ...opening date has yet ...ded. One problem is the ...settling the new owner... ...the International Com... ...Clearing House, which ...be providing clearing ...for the new gold and ...futures markets.

...ecline in gold yesterday ...y $400 an ounce was a ...y depressing influence ...metal markets, notably ...where the free market ...uched the lowest level ...two years before rally... ...gold in the afternoon.

...ma rice ...vest record

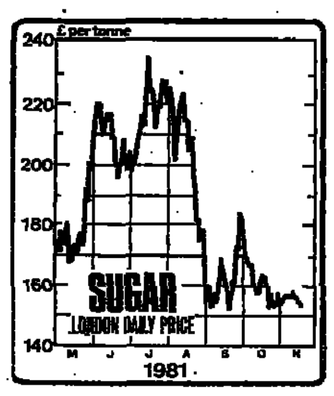
...ON — Burma reaped a ...rice harvest of 13.1m ...in 1980-81, of which ...tonnes were exported, ...g to an official report ...k.

...sts in the previous two ...were given as 10.28m ...and 10.36m tonnes ...vely, with ...ultural exports attri... ...the increase to the wider ...modern farming methods ...e co-operation of farmers ...Government's drive for ...output.

Common Market boosts raw sugar exports

BY RICHARD MOONEY

A SHARP boost in export allocation's for EEC raw sugar at the weekly export tender in Brussels took London traders by surprise yesterday. The tender is usually dominated by white (refined) sugar but this week out of 85,250 tonnes worth of export licences granted 31,500 tonnes were for raws. Last week only 2,000 tonnes worth of raws licences were granted against 68,465 tonnes for whites.



The upsurge in raws' interest partly reflects a sharp increase in the export subsidy offered. The EEC Commission set the export rebate for raws at 22.42 European currency units per 100 kilos, up 0.942 ECUs from last week. The whites rebate was raised only 0.37 ECUs to 24.87.

With big plantings and high expected yields pointing to a record EEC beet crop in the coming season an unusually large amount of raw sugar is likely to be available for export. Raw sugar is obviously cheaper to produce than white and overseas buyers often prefer raws imports which they can refine at home.

The EEC licences can also be applied to exports of raw cane sugar produced in French overseas departments, for which demand within the EEC has been declining. They cannot be applied, however, to re-exports of cane raws from ex-British colonies.

The higher EEC export allotment had only a brief impact on world prices. On the London futures market prices fell marginally immediately after the tender result was announced, but steadied later. At the close the March position was quoted £2.40 down on the day at £161.65 a tonne.

The International Sugar Organisation (ISO) statistics committee yesterday estimated world 1982 sugar import requirements on the free market at 18.3m tonnes (raw value) against 19.1m in 1981.

The EEC was expected to export between 4m and 6m tonnes depending on whether it fulfilled its plan to stockpile around 2m tonnes. EEC exports for 1981 were earlier estimated at 4.2m tonnes but EEC experts have since estimated them at 4.99m.

The statistics committee estimated the 1982 global quota, an estimate of free market demand available for distribution among ISO exporters under quotas, at 12.9m tonnes assuming EEC exports of nearer 4m than 6m tonnes and this compares with 12.6m in 1981.

Exports in 1981 by small ISO exporters, who are not limited by quotas are estimated at about 500,000 tonnes and the remainder of free market requirements will be supplied by the Eastern bloc.

Increased tea exports urged

By P. C. Mahanti

CALCUTTA—The Indian tea industry has been urged here to maximise exports during the current year tohelp ensure a suitable export quota under the proposed International Tea Agreement.

Indian commerce minister, Pranab Mukherji,fi noted at the silver jubilee of the Tea Association of India that India still accounted for some 28 per cent of world tea exports, but it must try to improve on this position. He added that a determined drive to promote the exports of tea in value added form had become necessary as the progress achieved over the past several years has not been maintained.

In fact there has been a setback during the current year.

Higher world grain crop forecast

WASHINGTON—The 1981-82 world grain crop is forecast at 1.49bn tonnes, up 1m from last month's forecast and 59m above the 1980-81 output, the U.S. Agriculture Department said.

In its world grain circular, the Department said upward revisions in the Chinese and Indian wheat crops and larger U.S. coarse grain crop more than offset changes elsewhere.

It projected world grain use at 1.47bn, up 2m from October's forecast, and 20m above 1980-1981.

In the U.S. many wheat farmers are likely to receive 14 to 16 cents per bushel in deficiency payments early next month, U.S. Agriculture Department analysts estimated.

Although final price statistics used to calculate payments will not be gathered until November 30, the analysts told Reuters they are now using 15 cents per bushel as a working number and wheat deficiency payments may reach $400m.

The analysts said about 95 per cent of the 1981 wheat acreage will be eligible for deficiency payments, which are based on the difference between the $3.81 per bushel target price and the weighted average price received by farmers for wheat during the first five months of the crop year (June-October).

This year the only requirement for target programme eligibility was reporting planted acreage to the USDA for certification by a given deadline. The analysts estimated 95 per cent participation for all commodities.

USDA analysts said barley deficiency payments, also paid in December, could total between 8c and 12c per bushel. One analyst said barley payments are expected to total $5m for every 1c per bushel price difference.

This would put total barley payments between 340m and $60m this year. Total target payments this year forecast at $1bn. Reuter

Buffer stock depresses cocoa price

By Our Commodities Staff

COCOA PRICES on the London futures market fell to the lowest level for 16 weeks yesterday as traders began to lose confidence in a formula for extending the International Cocoa Organisation's (ICCO) price support fund being agreed at talks currently going on in London.

Hopes had been high that the buffer stock manager's request for permission to borrow commercially to augment his inadequate $230m price support fund would be granted. But the absence of news coming from the meeting has been widely construed as reflecting a serious divergence of opinion on this between producers and consumers.

This was quoted yesterday *as the main factor behind* an £18 fall in the March futures price to £1,129.50 a tonne.

Producers and the EEC held separate meetings yesterday to consider the buffer stock manager's financial plan. Today the consumers will meet as a group to deliberate on this question ahead of a meeting of the whole executive committee at which the matter should be settled.

Delegates have reported that there may be difficulties over guaranteeing the loans especially as the EEC is divided on the issue. An alternative plan for cocoa traders to guarantee to buy buffer stock cocoa at a specific price is also under consideration.

Talks on rubber price urged

KUALA LUMPUR — Natural rubber producers and consumers meeting here have agreed to discuss an urgent producer request for an increase in the International Natural Rubber Agreement's (INRA) price range.

Producer members, led by Malaysia, the largest exporter, succeeded in getting their request on the agenda of the four-day closed-door council meeting.

Meanwhile in New York, The International Natural Rubber Organisation (INRO) yesterday bought 1,500 to 2,000 tonnes of rubber for its buffer stock from U.S. dealers, brokers said. Reuter

MARKET PROFILE: STRATEGIC METALS AND MINERALS

Back to barter

BY NANCY DUNNE IN WASHINGTON

THE Reagan Administration is studying the feasibility of reactivating a barter programme, widely used in the 1950s and 1960s, in which the U.S. swapped agricultural commodities for strategic minerals, in spite of strong resistance from the U.S. Department of Agriculture.

Under the old programme, the U.S. obtained more than $2bn worth of minerals for its strategic stockpile, but the practice was suspended in 1973 when agricultural commodities became tight.

The idea of reinstituting the programme has been floated by the National Security Council, the Department of Interior and several Congressmen, anxious to unload some of the nation's vast farm surplus and to replenish the stockpile without massive capital investment. Jamaica has been identified as a candidate for a barter arrangement in which bauxite would be traded for agricultural products.

Interest in swapping is high among those agencies which would benefit most, like the Federal Emergency Management Agency (FEMA), which sets stockpile policy, and the General Services Administration (GSA), which manages the stockpile. The GSA has said the programme can be reactivated in two or three months with approval from the Agriculture Department.

Mr Paul K. Krueger, Assistant Director for Resources, Plans and Preparedness, FEMA, says that such a programme should be considered and that "there is a lot of interest on the Hill and with those people involved in stockpile planning."

Misgivings about the programme are strong at the Department of Agriculture, where the staff of lawyers which once arranged barters has been completely dismantled. Officials say that the complexities of swap arrangements would require a year's planning before such a programme could be reactivated. The Department is also the recipient of what is said to be "tremendous" opposition from private exporters worried about sagging farm prices.

Nevertheless, the Agriculture Department is reluctantly studying a new programme, matching up countries likely to be interested in swapping although barters in the past were all bilateral, there have been discussions about getting authorisation from Congress to arrange multilateral deals. Talk has also centred on the possibility of dropping the requirement to use private traders in order to allow for government to government deals.

The Agriculture Department may not like it, but with huge surpluses in its bins and with an Administration committed to beefing up the stockpile, calls for a new bartering programme are unlikely to dissipate.

Among the possible candidates for barter arrangements are the following mineral exporting countries which import agricultural commodities from the U.S.: Canada, which imports dairy products, maize and sugar; Ghana, maize and wheat; China, maize, wheat and cotton; Bolivia, wheat; Zaire, wheat; Chile, maize, wheat and sugar; and Peru, dairy products, maize, wheat, sorghum and sugar.

Europe divided on stockpiling

BY COLIN WAUGH IN BRUSSELS

WESTERN European governments with ambitions of building national strategic-stockpiles seem unable to share the current wave of enthusiasm which the U.S. Administration is displaying for such activities. Stockpiling plans have been retarded and abandoned in Britain and West Germany respectively over the past year, in both cases due to problems of financing.

Only in France, where a "precautionary" stockpile has existed since 1975, does there seem some likelihood of continued national acquisitions, although even these may have been put in jeopardy by the changed budget priorities of the Mitterand government.

Whatever the future, it is clear that since the establishment of the French stockpile, there has not only been an unquantifiable gain in the form of enhanced security for the national economy, but a very healthy paper profit has also been achieved on the market value of the purchases made. From modest initial acquisitions of FFr 250m in 1975, the stockpile, whose detailed contents are strictly secret, has more than doubled in value.

Initial selection of those materials to be stockpiled was based on a study carried out by the government-funded BRGM (Bureau de Recherches Géologiques et Minières), a prospection and mining development agency with extensive operations both in France and abroad.

The BRGM produced a list of 20 or so minerals imported by France, ranked according to vulnerability.

While no sales from the stockpile have yet been made, it is clear that some very shrewd purchasing operations have contributed to the present paper profit. Cobalt bought before the 1978 Shaba emergency and an estimated 40,000 tonnes of ferro-chrome bought at knock-down prices from Zimbabwe last year feature among the French government's bargain purchases. Modest estimates of the stockpile's value now stand at some FFrs 2.2bn.

In West Germany, similarly detailed analyses of national raw materials vulnerability were carried out in the late 1970s. These studies culminated in a cabinet decision in June 1979 to stockpile five of the German economy's critical mineral imports. The aim was to establish, together with existing private stocks, a total of one year's supply of cobalt, chrome, manganese, vanadium and blue asbestos.

The philosophy behind the Federal Republic's programme was entirely different from that of the French, with the private sector being allowed to use its own expertise in the market and carry out all purchasing operations. At the end of last year, much of the surprise of industrialists who had just finished working out the final operating details of the stockpile, the newly-re-elected coalition of Chancellor Helmut Schmidt decided to cancel the entire project

...TISH COMMODITY MARKETS

...E METALS

...TAL MARKETS on the London ...change tended to reflect cur... ...uctuations. Copper initially ...to £876 but rallied to touch ...efore closing at £880. Lead ...£363, after £368 while Zinc ...ly £452.75, after extremes of ...£457. Aluminium closed at ...d Nickel at £2,655. Tin was ...raded and closed at £8,655.

	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
	855-.5	-5.5	859-60	-1
	881-.5	-4.75	885-.5	-1
	855.5	-5.5	—	......
	852-3	-5.5	858-60	+.25
	876-8	-4.5	880-2	-.75
	853	-6	—	......
	—	......	*80.7-86	......

...mated Metal Trading reported ...the morning cash wirebars £855.50, three months £880.00, ...00, 80.50, 81.00, 82.00, 81.50. ...irebars, three months higher ...2.00, 83.00, 82.50, 82.00, 83.00. Afternoon: Wirebars, three £886.00, 85.50, 85.00, 84.50, ...50. Kerb: Wirebars, three £883.00, 82.50, 82.00, 82.50, ...50, 82.00, 81.50, 81.00, 80.50. ...22,375 tonnes.

	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
	8335 40	-5	8338-8	-1.5
	8650-1	......	8651-2	+1
	8340	-5	—	......
	8335-40	-5	8336-8	-1.5
	8650-1	......	8651.2	+1
	8340	-5	—	......
	835.73	+0.02		......

...orning: Standard cash £8,340, ...nths £8,651, 52, 51, 50. Kerb: ..., three months £8,651, 55. ...: Standard, cash £8,340, 37, ...nths £8,650, 51, 55, 51. Kerb: ...nths £8,652, 55, 70. Turnover: ...nes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	349.5-50	+5	346.5-7.5	-1.5
3 months	365-.5	+6	362-3	-.25
Settlem't	350	+5	—	......
U.S. Spot	—	......	*36-40	......

Lead—Morning: Cash £350.00, three months £368.00, 67.00, 66.00, 66.50, 66.00, 67.00, 68.00, 67.50, 68.00, 67.00, 66.00, 65.50. Kerb: Three months £365.00, 64.50, 64.00, 63.50, 63.00, 63.50, 64.00. Afternoon: Three months £363.00, 63.50, 64.00, 63.50, 63.00, 62.50. Kerb: Three months £363.00, 62.50, 63.00. Turnover: 13,650 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	440.5-1	-2.75	443.5-4	+2.75
3 months	455-.5	-5	456.5-7.5	+1.75
S'ment	441	-5	—	......
Primw'ts	—	......	*45.5-50	......

Zinc—Morning: Cash £440.50, three months £457.00, 56.00, 55.00, 55.50, 55.00, 54.50, 55.00. Kerb: Three months £455.50, 56.00. Afternoon: Cash £443.50, 44.00, three months £455.50, 55.00, 56.50, 56.00, 54.00, 53.00, 52.00, 52.50. Turnover: 11,125 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	561-.5	+2.75	561-2	+.5
3 months	584.5-5	+2.5	585-.5	+1

Aluminium—Morning: Cash £561.50, three months £583.00, 83.50, 84.00, 85.00, 84.50, 85.00. Kerb: Three months £585.00. Afternoon: Three months £585.00, 84.50, 85.00. Kerb: Three months £584.50. Turnover: 19,050 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2605-10	+5	2590-600	-20
3 months	2665-70	+10	2658-60	-8.5

Nickel—Morning: Cash £2,605, three months £2,680, 75, 70. Kerb: Three months £2,665. Afternoon: Three months £2,660, 55. Kerb: Three months £2,655. Turnover: 648 tonnes.

* Cents per pound. ‡ MS per kilo. † On previous unofficial close. Φ Higher grade.

SILVER

Silver was fixed 7.7p an ounce lower for spot delivery in the London bullion market yesterday at 422.8p. U.S. cent equivalents of the fixing levels were: spot 804c, down 25c; three-month 827.3c, down 27.3c; six-month 854.3c, down 27.9c; and 12-month 904c, down 27.9c. The metal opened at 422-425p (805-810c) and closed at 430-433p (815-818c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	422.80p	-7.70	429.0p	-2.75
3 months	437.00p	-8.10	443.5p	-3.50
6 months	451.50p	-8.20	—	......
12months	478.70p	-12.0	—	......

LME—Turnover 130 (184) lots of 10,000 ozs. Morning: Three months 438.0, 37.5, 39.0, 39.5. Kerb: Three months 440.0. Afternoon: Three months 446.0, 46.5, 46.0, 44.5, 44.0, 43.5. Kerb: Three months 444.0, 43.5.

COCOA

Following an unchanged opening a nervous market came under a little selling pressure and eased £20 before a late rally restored half the loss, reported Gill and Duffus

COCOA	Yes'rday's Close	+ or —	Business Done
Dec.	1115-16	-22.0	1139-04
March	1129-30	-18.0	1147-22
May	1135-36	-16.5	1147-33
July	1140-44	-14.5	1144-28
Sept	1155-56	-12.0	1163-47
Dec.	1172-73	-7.5	1173-65
March	1186-90	-9.5	1185

Sales: 2,982 (1,720) lots of 10 tonnes.

ICCO—Daily price for November 17: 93.83 (96.26): Indicator price for November 18: 94.43 (94.07).

COFFEE

Marginal losses reflected a lower New York close and slightly weaker sterling, reports Drexel Burnham Lambert. Values remained within a narrow range in light volume and a quiet "C" opening offered no fresh incentive.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Nov.	1125-26	-7.0	1132-25
Jan.	1136-38	-7.5	1143-35
March	1128-29	-14.5	1139-26
May	1127-28	-14.5	1139-27
July	1125-28	-15.0	1138-28
Sept.	1125-28	-11.5	1137-26
Nov.	1128-30	-11.0	—

Sales: 1,673 (1,984) lots of 5 tonnes.

ICO 1979 indicator prices for Nov 16 (U.S. cents per pound): Comp. daily 125.56 (126.12): 15-day average 123.66 (123.21).

GAS OIL FUTURES

Weaker prices were traded in good volume until Libyan rumours pushed the market to the highs, but denials caused prices to ease off towards the close, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
November	326.50	-0.50	326.50-25.50
December	327.00	+0.25	327.50-25.75
January	326.50	—	326.00-25.50
February	325.25	+0.50	325.25-23.50
March	324.75	—	325.25-23.50
April	324.25	+1.00	—
May	324.00	+0.75	315.00-24.05
June	324.50	-0.50	325.00-24.50
July	324.50	-0.50	324.50

Turnover: 1,098 (491) lots of 100 tonnes.

COTTON

LIVERPOOL — Spot and shipment sales amounted to 32 tonnes. After extensive operations, the call for supplies died down, but steady inquiries came forward in various styles, notably African and North and South American.

GRAINS

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Nov.	105.50	-0.10	102.10	-0.20
Jan.	107.75	-0.05	103.75	—
Mar.	110.65	-0.15	106.60	-0.25
May.	113.40	-0.20	109.55	-0.30
July.	115.95	-0.35	—	—
Sep.	106.50	-0.20	100.75	—

Business done—Wheat: Nov 105.30-105.10, Jan 107.75-107.45, March 110.70-110.45, May 113.60-112.65, July no trades, Sept 106.45 only. Sales 260 lots of 100 tonnes. Barley: Nov 102.20 only, Jan 103.70-103.50, March 106.70-106.50, May 109.55-109.50, Sept 100.75 only. Sales: 271 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 100.10, S. West 102.50, W. Mids 99.50, N. West 101.10. The UK Monetary Coefficient for the week beginning Monday November 23 (based on HGCA calculations using five days' exchange rates) is expected to change to 0.942.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, Nov 113.75, Dec 114 transshipment East Coast. English Feed, fob Dec 111.50 East Coast. Maize: French, Nov 127.25, Dec 129 quoted transhipment East Coast. South African White/Yellow: Nov 86.25. Barley: English Feed fob: Nov 105 paid East Coast: Scotland, Nov 256.25 paid West Coast UK. Rest unquoted.

RUBBER

The London physical market opened easier, attracted little interest at the lower levels and closed dull. Lewis and Peat reported a December fob price for No. 1 RSS in Kuala Lumpur of 222.0 (225.5) cents a kg and SMR 20 166.0 (168.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Dec.	52.60-53.20	52.70-54.00	—
Jan.	52.50-53.20	53.00-54.50	—
Jan-Mar	53.90-54.00	54.70-54.50	54.10-53.90
Apl-Jne.	57.50-58.00	58.50-58.50	58.60-57.10
Jly-Sept	61.20-61.30	61.70-61.50	61.40-60.50
Oct-Dec	64.50-64.30	64.90-65.00	64.60-64.10
Jan-Mar	67.70-67.50	68.10-68.20	67.30-67.60
Apl-Jne.	71.00-71.10	71.40-71.30	70.50-70.10
Jly-Sept	74.20-74.30	74.50-74.70	74.20-73.60

Sales 411 (371) lots of 15 tonnes and nil (nil) lots of 5 tonnes.

Physical closing prices (buyer) were: Spot 51.50p (same); Dec 49.50p (50.25p); Jan 50.50p (51.25p).

SOYABEAN MEAL

The market opened slightly higher in mixed trading, reports T. G. Roddick. Prices remained firmer with steady cash demand.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
December	125.20-25.6	-1.25	125.20-24.50
February	126.25-26.9	-0.65	126.00-25.50
April	130.50-31.1	-0.40	—
June	133.00-33.5	-0.55	133.50
August	135.30-35.5	-0.50	—
October	136.50-38.9	-0.25	—
Dec.	137.50-42.0	—	—

Sales: 106 (104) lots of 100 tonnes.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Dec 375, 370, 375. Jan 373, 376, nil. March 384, 386, nil. May 391, 394, 392-391. Aug 400, 402, 402-401. Oct 411, 413, 412. Dec 417, 419, 418. Jan 419, 422, 421. March 427, 430, 429-428. May 432, 436, 436. Sales, 47.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Dec 492.0, 494.0, 495.0-490.5. March 501.0, 501.0, 501.0-500.0. May 513.0, 515.0, 515-513.7. July 522.0, 524.0, 522.0-521.0. Oct 519.0, 521.0, untraded. Dec 522.0, 527.0, untraded. March 530.0, 532.0, untraded. May 537.0, 545.0, untraded. Sales: 102.

SUGAR

LONDON DAILY PRICE—Raw sugar £153.00 (£155.00) a tonne cif Nov-Dec-Jan shipments. White sugar daily price £168.00 (£169.00).

Prices were confined within a narrow trading range in moderate conditions, reports C. Czarnikow.

No.4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Jan.	157.50-58.00	159.50-60.60	160.25-57.25
March	161.60-61.70	164.00-64.10	164.25-61.25
May	164.85-64.95	167.50-67.55	167.50-64.50
Aug.	168.60-68.75	170.80-71.00	170.00-68.25
Oct	173.30-73.50	175.50-75.70	175.50-73.25
Jan.	175.00-75.50	176.50-77.50	—
March	180.00-82.00	182.00-84.00	—

Sales: 5,237 (3,066) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £375.00 (same) a tonne fob for home trade and £262.0 (£264.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for November 16: Daily price 11.83 (11.95); 15-day average 11.84 (11.81).

POTATOES

LONDON POTATO FUTURES—The market was quiet, lacking significant direction, reports Coley and Harper. Closing prices: Feb 86.50, +0.20 (high 86.60, low 86.20); April 97.60, +0.20 (high 97.70, low 97.30); Nov 66.90, +0.50 (high 66.90, low 66.80). Turnover: 95 (141) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 78.0 to 82.0; Eire hindquarters 89.5 to 92.5, forequarters 60.7 to 63.5. Veal: Dutch hinds and ends 126.0 to 130.0. Lamb: English small 69.0 to 75.5, medium 70.0 to 74.0. Imported frozen: New Zealand PL 62.0 to 63.0, PM 63.0 to 63.5. Pork: English, under 100 lb 47.0 to 58.0, 100-120 lb 51.0 to 55.0, 120-160 lb 44.0 to 53.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle, 96.33p per kg lw (+2.77). UK—Sheep, 163.77p per kg est dcw (−1.12). GB—Pigs, 79.53p per kg lw (+0.40).

COVENT GARDEN—Prices for the bulk of produce in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Valencia Lates 48 4.40, 56 4.40, 72 4.40, 88 3.60, 112 3.30, 138 3.25, 150 2.35; Spania: Navelinas 42/130 4.40-5.00. Satsumas—Spania: 2.80-3.50. Lemons—Outspan: 88/162 5.00-5.50, Cyprus: 4.00-4.50; Italian: 60/150 5.50-6.00. Spania: 40/50 3.00. Grapefruit—U.S.: Pink 32/48 7.50-8.60, Cuban: 32 4.10-4.20, pink 32/48 4.00-4.20; Cyprus: Small carton 4.20-4.50, Honduras: 4.80-5.20; Jaffa: 3.50-4.00. Apples—French: New crop, Golden Delicious 20 lb 3.30-3.60, 40 lb 6.50-7.20, Stark Crimson 40 lb 7.00-8.00, 20 lb 3.40-4.00, Granny Smith 7.50-8.00; U.S.: Red Delicious 8.00-15.00; Hungarian: Starking 7.40-7.50; Dutch: Golden Delicious 26 lb 4.60, Cox's 26 lb 4.80-5.20. Pears—Dutch: Comice 14 lb 3.80-4.00, Conference, per pound 0.14-0.18; Italian: Williams' 0.20-0.22. Plums—U.S.: Per pound 0.50. Grapes—Spanish: Almeria 11 lb 2.00-2.40, Napra 2.80-3.00; Italian: Italia, per tray 2.50-6.00. Strawberries—New Zealand: 8 oz 1.80-2.00; Kenyan: 1.70-1.80. Melons—Spanish: 10 kg, green 2.50-3.50. Pineapples—Ivory Coast: Each 0.40-1.00. Bananas—Colombian: Per pound 0.18-0.19. Avocados—U.S.: Large box 5.50, small box 3.50-4.00; Israeli: 3.00-3.80; Canary: 3.50-4.00. Pomegranates — Spanish: 24/60s 3.60-4.20. Dates—Tunisian: 20 s 0.50-0.60; U.S.: 0.50. Figs—Turkish: 48 x 8 oz 0.19-0.20. Tomatoes—Dutch: 3.80; Spanish: 2.80-3.40, Canary: 2.60-3.20. Onions—Spanish: Grano 3 5's 2.80-3.60. Capsicums—Dutch: 5 kg, red 5.20, green 5.60, yellow 6.00-6.50. Aubergines—Dutch: 6 kg 8.00, Cyprus: 4.50; Israeli: 4.50. Cabbages—Dutch: White 2.80, red 3.00. Chillies—Dutch: 3 kg 4.00. Carrots—Dutch: 20 lb 2.00, pre-pack 2.80. Lettuce—Dutch: 24's 2.80-3.00. Artichokes—French: Globe 24's 5.50. Chicory—Belgian: 3 kg 3.00-3.30. Endive—French: 4.50-5.00. Fennel—Italian: 25 lb 4.00, Dutch: 11 lb 3.80-4.00, French: 9 lb 3.50-4.00. Asparagus—S. African: 1.50-1.80; New Zealand: 1.00-1.50. Cucumbers—Dutch: 2.80-3.00; Canary: 1.80-2.20. Mangoes—Kenyan: 8/18 4.50-5.00. New Potatoes—Jersey: Per pound, Royal 0.15, Maris Peer 0.12; Italian: 0.18-0.20. Chestnuts—Italian: 5 kg 2.50-5.00; Spanish: 5 kg 2.50-5.00. Walnuts—Chinese: Per pound 0.44-0.45. Brazils—Per pound 0.40-0.42. Filberts—Per pound 0.50. Almonds—Per pound 0.40-0.50. Pecans—Per pound 0.95-1.00. Muscatels/Almonds—Spanish: 8 oz 0.45.

English Produce: Potatoes—Per 55 lb, White 2.20-2.50, red 2.50-2.80, King Edward's 2.80-3.10, Jacket 2.50-3.00. Mushrooms—Per pound, open 0.40-0.60, closed 0.60-0.70. Apples—Per pound, Bramley 0.18-0.25, Cox's 0.20-0.35, Laxton's 0.14-0.20, Russets 0.15-0.25. Pears—Per pound, Conference 0.14-0.19, Comice 0.18-0.25. Tomatoes—Per 12 lb, D/E 2.40-2.60. Cauliflowers—Per 12, Kent 4.00-5.30, Lincoln 3.00-3.60. Cabbages—Per 30-lb bag, Primo 1.00-1.40. Lettuce—Per 12, round 1.00-1.60, Webb's 1.60-2.00. Radishes—Per 12 x 8-oz pack 1.40. Onions—Per tray x 20 bunches spring 2.00, 55 lb 40/60mm 2.60. Carrots—Per 28/28 lb 0.70-1.00. Beetroots—Per 28 lb, round 1.00-1.20, long 1.20. Fennel—Per 10 lb 1.20-1.50. Parsnips—Per 28 lb 1.20-1.60. Swedes—Per net 0.70-1.10. Leeks—Per 10 lb 1.20-1.60. Sprouts—Per 20 lb 1.60-2.40. Turnips—Per 28 lb 1.20-1.40. Celery—Per 18/36, Hassey 4.20-4.50. Brussels Tops—Per 25 lb 1.00-1.20. Spring Greens—Per 25 lb 1.50. Savoys—Per 25 lb 1.00-1.20.

★

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.50-£7.00, codling £2.80-£4.00. Large haddock £3.80-£4.20, medium £3.00-£3.70, small £2.00-£2.60. Large plaice £6.40, medium £5.50, best small £4.50. Skinned dogfish, medium, £5.50-£7.00. Saithe £2.80-£3.40.

PRICE CHANGES

In tonnes unless otherwise stated.

	Nov. 17 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1060/1090	-1	$1150/160
Copper			
Cash w'bar	£859.5	-1	£899
3 mths	£885.25	-1	£927.75
Cash Cathode	£859	+0.25	£895.5
3 mths	£881	-0.75	£922.75
Gold troy oz	$399.5	-5	$437
Lead Cash	£347	-1.5	£378.5
3 mths	£362.5	-0.25	£387.25
Nickel	£4187.2	......	£4,219.80
Free mkt	225/275c	......	240/280c
Platin'mtr'y oz	£260	......	£260
Free mkt	£199.75	-1.15	£230.75
Quicksilver†	$418/423	......	$425/440
Silver troy oz	422.80p	-7.7	502.75p
3 mths	437.00p	-8.1	521.55p
Tin Cash	£8,337	-1.5	£8135
3 mths	£8,651.5	+1	£8350.5
Tungsten 22.0lb	$142.61	......	$142.02
Wolfrm 22.04lbs	$130/135	......	$136/141
Zinc Cash	£443.75	+2.75	£479
3 mths	£457	+1.75	£493.75
Producers	$1000	......	$1000
Oils			
Coconut (Phil)	$590v	......	$587.5
Groundnut	‡	......	‡
Linseed Crude	‡	......	£425
Palm Malayan	$610z	+5	$615.5
Seeds			
Copra Philip	$360v	......	$360
Soyabean (U.S.)	$257	-1.75	$266.5
Grains			
Barley Fut. Jan	£103.75	......	£103.60
Maize	£127.25	......	£127.50
Wheat Fut. Jan	£107.75	+0.05	£108.95
No2 HardWint	‡	......	£121.25
Other commodities			
Cocoa ship't*	£1,191	-22	£1,206
Future Mar.	£1129.5	-18	£1,177
Coffee Ft' Jan.	£1157	-7.5	£1,109.5
Cotton A.Index	72.30c	-0.1	75.75c
Gas Oil Nov.	$327	+0.25	$316.5
Rubber (kilo)	51.5p	......	54p
Sugar (Raw)	£153vx	-2	£156
Woolt'ps 64s kl	377p kilo	......	390pkilo

‡ Unquoted. w Dec-Jan. x Jan. z Dec. v Nov-Dec. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

NEW YORK, November 17

PRECIOUS METALS rallied on short covering following an extended decline. This rally stimulated commission house buying of copper. Sugar declined steadily on indications that EEC sales would exceed expectations. Cocoa came under pressure due to the negative news coming out of the ICCO meetings. Heating oil was moderately lower on technical selling. The livestock complex was lower, led by stop-loss selling in the bellies, reported Heinold.

Copper—Nov 72.90 (72.80), Dec 73.05-73.20 (73.05), Jan 74.00, March 75.65-75.75, May 77.15-77.30, July 78.90, Sept 80.55, Dec 83.05, Jan 83.90, March 85.35, May 87.30, July 89.00, Sept 90.70.

*Gold—Nov 404.0 (400.2), Dec 404.0-406.0 (401.4), Jan 408.0, Feb 412.0-414.5, April 421.0-423.0, June 431.5-432.0, Aug 438.3, Oct 447.2, Dec 450.0-457.0, Feb 465.5, April 475.1, June 484.9, Aug 494.7.

*Platinum—Nov 379.0 (372.6), Jan 381.5-383.0 (375.8), April 393.5, July 403.8, Oct 415.8. Sales: 2,145.

Potatoes (round whites)—Feb 70.5-70.7 (71.0), March 75.6-76.1 (76.1), April 84.5-84.7, Nov 75.8-76.2. Sales: 376.

¶Silver—828.0 (820.0), Dec 828.0-830.0 (824.0), Jan 838.0, March 854.0-857.0, May 876.0, July 893.2, Sept 912.2, Dec 939.0, Jan 950.2, March 969.2, May 988.2, July 1007.2, Sept 1026.2. Handy and Harman bullion spot 1026.2. Handy and Harman bullion spot: 815.00 (822.00).

Sugar—No. 11: Jan 11.40-11.45 (11.81), March 11.80-11.82 (12.16), May 12.03-12.06, July 12.28-12.30, Sept 12.50-12.56, Oct 12.76-12.80, Jan 12.80, March 14.43-13.44. Sales: 8,505.

Tin—714.00-722.00 (721.00-731.00).

CHICAGO, November 17.

Lard—Chicago loose 21.00 (20.50).

Live Cattle—Dec 64.65-64.70 (64.85), Feb 64.65-64.62 (64.87), April 64.50-64.60, June 65.12-65.05, Aug 64.65-64.75, Oct 63.40, Dec 64.40.

Live Hogs—Dec 46.85-46.70 (46.57), Feb 48.30-48.50 (48.65), April 46.10-46.25, June 48.80, July 49.50, Aug 48.12, Oct 46.60, Dec 47.50, Feb 48.00.

‡‡Maize—Dec 274-274½ (276¾), March 293¾-293 (295), May 304¾-304½, July 312½-312¼, Sept 318, Dec 323¾.

Pork Bellies—Feb 66.00-65.50 (67.32), March 65.80-65.60 (67.25), May 67.05-67.00, July 67.90-67.55, Aug 67.95-67.30.

†Soyabeans—Nov 626 (629), Jan 642¼-643 (645½), March 660-661, May 678¼-678, July 692½, Aug 695, Sept 696, Nov 703-703½, Jan 720½.

‖Soyabean Meal—Dec 184.3-184.4 (185.1), Jan 187.8-187.6 (188.5), March 192.6, May 197.3-196.8, July 201.0, Aug 201.5-202.0, Sept 202.0-203.0, Oct 204.0, Dec 207.5.

Soyabean Oil—Dec 20.20-20.18 (20.27), Jan 20.51 (20.62), March 21.11-21.13, May 21.64, July 22.10, Aug 22.20, Sept 22.30, Oct 22.40-22.45, Dec 22.75.

†Wheat—Dec 430½-430¾ (436¾), March 455¾-456 (461½), May 465½-465, July 460½-460¼, Dec 485½.

WINNIPEG, November 17.

§Barley—Dec 119.80 (120.50), March 125.80 (126.10), May 129.20, July 130.60, Oct 133.50.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 247.79 (249.04).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. * Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. ¶ $ per metric ton.

Monday's closing prices

NEW YORK, November 16

††Cocoa—Dec 1927 (1979), March 2000 (2042), May 2047, July 2070, Sept 2103, Dec 2135, March 2165.

Coffee—"C" Contract: Dec 144.80-145.00 (146.82), March 139.50-139.70 (139.58), May 134.00-134.50, July 131.50-131.80, Sept 130.25-130.50, Dec 127.26, March 126.10-126.75. Sales: 1,680.

Cotton—No. 2: Dec 62.25-62.35 (62.76), March 64.95-65.05 (65.32), May 66.50-66.70, July 68.30, Oct 70.25-70.40, Dec 71.40-71.55, March 72.50-72.70, May 73.10-73.75. Sales: 6,200.

Orange Juice—Nov 120.50 (122.00), Jan 122.50-122.60 (122.65), March 124.30-124.40, May 126.15, July 127.70-127.75, Sept 129.45-129.65, Nov 130.55-130.85. Sales: 1,800.

CHICAGO, Nov 16.

Chicago Imm Gold—Dec 401.2-401.5 (414.4), March 410.5-411.5 (426.5), June 423.6, Sept 436.5, Dec 448.4, March 461.0, June 475.0, Sept 487.1.

EUROPEAN MARKETS

ROTTERDAM, November 17.

Wheat—(U.S. $ per tonne): U.S. No. 2 Dark Hard Winter, 13.5 per cent: Dec 20/Jan 10 213, Jan 20/Feb 10 216. U.S. No. 2 Red Winter: Dec 189, Jan 192. U.S. No. 3 Amber Durum: Nov 25/Dec 25 195.75, Dec 198, April/May 206. U.S. No. 2 Northern Spring, 14 per cent: Nov 15/Dec 15 197, Dec 198, Jan 207.5, Feb 210.

Maize—(U.S. $ per tonne): U.S. No. 3 Corn Yellow: Afloat 122, Nov 126, Dec 125.75, Jan 130.75, Feb 134.75, March 137, Jan/March 134, April/June 141 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: Nov 251, Dec 254.50, Jan 261, Feb 265.50, March 269, April 272.50, May 275, June 278, July 280.25, Aug 282, Sept 283.50, Oct 283.50, Nov 283.50, Dec 289 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein, U.S. Afloat 227-226, Dec 228, Jan 232.50 traded, Afloat 226-227, Nov 226, Dec 228, Jan 232.50, Jan/March 239, April/Sept 253 sellers. Brazil Pellets: in barges: 245, Nov 244, Dec 248, Jan 256, Jan/March 258, April/Sept 257 sellers.

PARIS, Nov. 17.

Cocoa—(FFr per 100 kg): Dec 1205-1215, March 1216-1221, May 1218-1230, July 1225-1240, Sept 1245-1268, Dec 1270-1290, March 1280-1296. Sales at call: nil.

Sugar—(FFr per tonne): March 1800-1805, May 1840-1850, July 1860-1870, Aug 1900-1915, Oct 1940-1960, Nov 1940-1960, Dec 1960-1985, March 1965-2000. Sales at call: 8.

INDICES

FINANCIAL TIMES

Nov. 16	Nov. 13	Month ago	Year ago
251.23	253.75	259.08	267.23

(Base: July 1, 1952=100).

MOODY'S

Nov. 12	Nov. 16	Month ago	Year ago
987.0	993.7	1000.4	1299.8

(December 31, 1931=100)

DOW JONES

Dow Jones	Nov. 16	Nov. 13	Month ago	Year ago
Spot	358.62	361.22	356.18	467.31
Fut'rs	374.93	377.24	373.35	499.02

(Average 1924-25-26=100)

REUTERS

Nov. 17	Nov. 16	M'nth ago	Year ago
1614.0	1620.3	1651.8	1750.2

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Gilts react as authorities douse interest rate hopes but bear squeeze causes equity leaders to rally

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Nov 9	Nov 19	Nov 20	Nov 30
Nov 23	Dec 3	Dec 4	Dec 14
Dec 7	Dec 17	Dec 22	Jan 4

* "New time" dealings may take place from 9 am two business days earlier.

Divergent trends continued to characterise London stock markets yesterday, but the two principal investment sectors reversed Monday's roles. Recently buoyant long-dated Government securities ran out of steam and gave back some of their rise, while leading equities attempted to rally after Monday's sharp setback, measured by a drop of 15.5 in the FT Industrial Ordinary share index.

The market's optimism about lower interest rates was tempered by the Bank of England's move to slow the fall in rates and the Chancellor's warning that the Government would continue with a firm interest rate policy in pursuit of its monetary targets. Sterling predictably reacted yesterday to the same influences, a factor which prompted profit-taking and selling of Gilt-edged by loose holders.

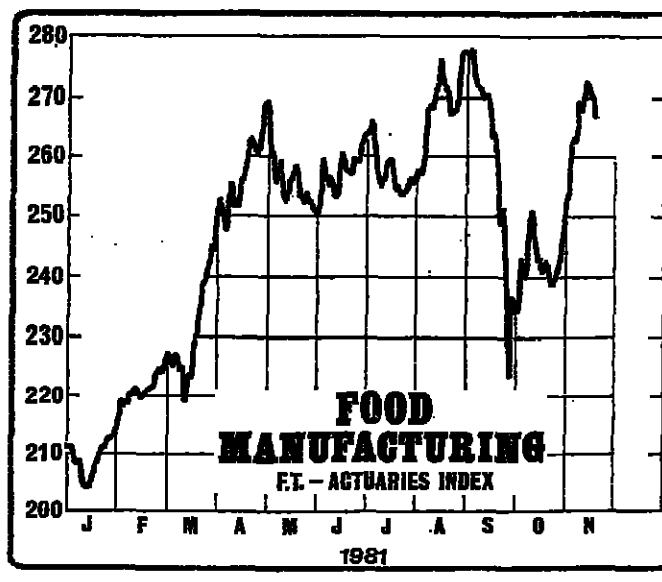
Lower U.S. bond prices contributed to the reactionary tendency in Gilts as did yesterday's firmer London money market rates. Longer Gilts fell by around ¾ before a late hardening which reduced the falls to about ⅜. Ahead of tomorrow's subscription for the new tap stock, Exchequer 14 per cent 1986, payable £40 on application at a minimum tender price of £95¾, the shorts were relatively busy but again traded at lower levels and closed ⅛ down in places.

Wall Street's overnight weakness caused anxious early moments for equity dealers who expected values here to give. But little selling materialised and a bear squeeze developed on professional short positions. This put leading shares a penny or two firmer and thoughts that the market had probably been oversold on Monday were sufficient to maintain the firmer trend in a thin trade.

The hourly movements in the FT 30-share index illustrated the sluggish nature of the rally, a noon rise of around 4 points being extended to only 4.6 at the close of 508.3. Trading announcements brought a mixed response, Unilever losing a mere 3 to 635p after third-quarter results, but Tesco falling 5 to 54p on disappointing interim figures. Greycoat Estate's bid for City Offices, 21 up at 131p, excited interest again in Properties.

Recent euphoria about the likely opening premium today on Exco International degenerated into uncertainty surrounding the actual allotment of shares in the hugely-oversubscribed offer-for-sale.

Traded options recorded 1,279 deals, comprising 928 calls and 351 puts. Imperial position were particular favoured with 345 calls and 100 puts arranged, the *latter all taken out in the February 60's*. Racal were again active with 71 calls and 97 puts.



Lloyds better late

The major clearing banks took a firmer line on the lessened chances of a cut in base rates this week. Lloyds closed 8 up at 408p following annual results from Lloyds Bank International, while Barclays finished 4 dearer at 432p, as did Midland, at 310p. Selected Discount Houses made progress following a broker's favourable circular, Cater Ryder *rising* 20 to 325p and Union 5 to 430p. Elsewhere, demand in a thin market lifted Manson Finance 5 to 66p.

The Insurance sector regained a certain amount of composure *following the previous* day's shake-out prompted by Royals' disappointing third-quarter profits. Royals rallied 7 to 362p and Commercial Union 4 to 126p, while Eagle Star, 315p, General Accident, 348p, and GRE, 314p, all improved 6. Insurance Corporation of Ireland rose 20 to 430p following the statement on negotiations with Allied Irish Banks. unchanged at 100p.

Business in Breweries remained at a low ebb and most drifted a penny or two lower. South London concern Youngs stood out among regionals, rising 5 to 232p with the non-voting a like amount up at 180p following the 47 per cent jump in first-half earnings and the increased interim dividend.

Business in Buildings was slow and the leaders drifted easier in the absence of genuine support. Redland finished 4 down at 156p and Ready Mixed Concrete 3 cheaper at 197p. *Reflecting the Bank of* England's move to slow the downward trend in UK interest rates, Barratt Developments shed 5 to 222p, while Galliford Brindley gave up 4 to 101p. John Finlan remained on offer and relinquished 4 for a two-day fall of 10 to 132p.

Bear closing enabled ICI, at 280p, to regain 4 of the previous day's fall of 10.

Hopes that the latest slight increase in retail sales volume may point the way to a much-needed consumer spending spree over Christmas prompted steady support of leading Stores, *although most closed a* shade below the day's best. Debenhams stood out at 75p, up 3, while similar gains were noted in Gussies A, 428p, and UDS, 67p. Burton, preliminary results next Wednesday, ended *a couple of pence to the good* at 126p, after 127p. Currys advanced 8 to 184p, but other secondary issues held close to the overnight positions.

Among Shoes, Headlam Sims and Coggins attracted speculative support and improved 5 to 45p, but Strong and Fisher remained unsettled in the wake of the recent poor results and rights issue and gave up 4 more to a 1981 low of 50p.

The Electrical leaders took a turn for the better after the previous day's sharp reaction. Helped by the £100m *engine* orders, GEC *staged* a useful rally at 740p, up 13. Plessey picked up 7 to 327p and Thorn EMI 6 to 433p, while Racal edged up 3 to 401p. Secondary *issues also displayed a* better trend.

Engineers passed an extremely quiet trading session and leading issues rarely strayed far from overnight closing levels. Among the scattered movements elsewhere, GM Firth were noteworthy at 165p, up 7, on revived demand. Lower interim profits from GEI International, 3 dearer at 71p, were outweighed by the encouraging statement on the trading outlook. Following the half-yearly results, Acrow eased 2 to 64p and the A shares a *penny down to 39p.* Other dull spots included Staveley, down 5 at 193p, and Westland, 3 lower at 102p.

The Food sector displayed a dull feature in Tesco which dropped 5 to 54p on *disappointment* with the interim results. Avana again lacked support and shed 4 for a two-day fall of 9 to 236p, but demand in front of tomorrow's interim results lifted Singlo a penny to 27p.

Leading Hotels and Caterers closed mixed. Grand Metropolitan firmed 2 to 169p, but Ladbroke gave up 5 to 134p and Trusthouse Forte 3 to 122p. Savoy A held at 182p, the chairman's optimistic statement outweighing the increased half-yearly loss.

Boots improve

Leading miscellaneous industrials edged higher in relatively quiet trading conditions. Boots improving 5 to 207p ahead of *tomorrow's* half-yearly statement and Beecham, interim figures due today, gaining 4 to 228p. BOC International, 2 better at 147p, became a better market after the previous day's reaction fol*lowing adverse Press comment.* Glaxo also traded firmly at 438p, up 6, but Bowater moved against the trend with a loss of 4 to 200p.

Among secondary issues, *Barget gave up 8 more to 160p* in a limited market, while Charles Hill of Bristol, a good market of late on the encouraging statement on second-half prospects, eased a similar *amount to 130p. Aeronautical* and General lost 10 to 245p and falls of 5 were recorded in Bestobell, 383p, Johnson Matthey, 278p, and Royal Worcester, 173p. MY Dart eased 3 to 32p follow*ing interim figures, but* Somic responded to the half-yearly results with a rise of 2 at 20p. Dealings in Polymark were temporarily suspended at 59p, down 4, following the discovery of financial discrepancies at its German associate company, Adolf Dreher.

Motor Components were irregular. Dunlop continued to respond to investment support and rose 4 for a two-day gain of 6 at 66p. Kwik-Fit, a depressed market of late following disappointing interim figures, rallied 3 to 51p, but Flight Refuelling, mid-term results expected today, closed 11 lower at 314p. Distributors usually finished with modest falls. Recent speculative *favourite* Caffyns eased 4 to 145p, while Charles Hurst, *firm of late on takeover* hopes, shed 6 to 60p.

Geers Gross attracted late support and, at 110p, more than recouped Monday's fall of 7 which followed disappointing first-half figures.

Up 14 on Monday on speculative buying, City Offices jumped 21 to 131p following the announcement of a share exchange offer, currently worth 136p per share, from Greycoat Estates, 7 cheaper at 170p, after 165p. Leading Properties went better after an uncertain start. Land Securities, at 324p regaining 3 of the *previous day's fall of 10 on* second thoughts about the interim results. MEPC also improved 3, to 224p, while Berkeley Hambro, 234p, and Great Portland Estates, 202p, added 4 apiece.

Oil share remained extremely quiet, but BP edged up 2 to 306p and Shell a like amount to 366p, the last-named awaiting tomorrow's announcement of third-quarter *figures. Some of the* more speculative secondary issues turned lower. Global Natural Resources fell 40 to 560p.

Inchcape, still buoyed by a broker's revised profits forecast, touched 295p before settling for a net gain of 7 at 290p. Elsewhere in Overseas Traders, Tozer Kemsley and Millbourn *added 3 to 79p, after 80p, on the* sale of its travel division to Rank for £14.5m cash.

Plantations, selectively firm of late, retreated over a broad front. Inch Kenneth gave up 13 at 250p, while Harrisons Malaysian Estates eased 6 to 176p and Kuala Lumpur Kepong shed 5 to 46p. London Sumatra contrasted, rising 50 to a nominal 250p in an exceptionally narrow market.

Golds weak

South African Golds sustained losses for the eighth successive session as the bullion price dropped below the $400 an ounce level for the first time since early August and closed a net $5 down at $399.50.

Overnight American selling produced an initial sharp markdown of share prices which continued to give ground during the morning on renewed and widespread international offerings.

The pressure relented around mid-day, however, with cheap buying and bear closing in evidence. Consequently, quotations ended well above the day's lowest although losses remained substantial.

The Gold Mines index dropped 8.5 more to 299.2, a fall of 54.7, or 15.45 per cent, over the past eight trading days.

Heavyweights showed losses ranging to £1¼, as in "Amgold," £42¼, while falls of ¼ were common to Buffels, £17¼, Driefontein, £11⅝, and Vaal Reefs, £31⅝. In the medium and lower-priced issues, Welkom dropped 33 to a *1981 low of 540p and East Rand* Proprietary fell 58 to 632p.

South African Financials were again vulnerable and fell in sympathy with Golds. Anglo American Corporation touched 645p *before closing a net 15* cheaper at 650p, Gencor gave up 30 more to 930p and Middle Wits 20 to 640p.

The London issues showed little change on balance as the persistent weakness of metal prices was offset by a steadier performance in the UK equity market.

Platinums and Coppers retreated across a broad front. In the former sector, Rustenburg dropped 20 to 215p while the Coppers showed Messina 15 off at 285p.

There was no respite for Australians which continued to retreat in the face of weak domestic markets and metal prices. The leaders were particularly depressed with 1981 lows common to Peko-Wallsend, *20 down at 310p. CRA, 14 off at* 160p, and MIM Holdings, 7 cheaper at 185p.

FINANCIAL TIMES STOCK INDICES

	Nov. 17	Nov. 16	Nov. 13	Nov. 12	Nov. 11	Nov. 10	A year ago
Government Secs.	63.96	64.30	63.68	63.23	62.66	62.34	71.43
Fixed Interest	64.22	64.28	63.61	63.30	63.07	63.00	71.12
Industrial Ord.	508.3	503.7	519.2	518.2	508.2	502.7	507.7
Gold Mines	299.2	307.7	326.0	327.4	333.4	347.2	441.6
Ord. Div. Yield	5.88	5.93	5.75	5.74	5.83	5.91	7.15
Earnings, Yld. % (full)	9.83	9.92	9.61	9.60	9.75	9.88	15.87
P/E Ratio (net) (*)	13.22	13.10	13.52	13.54	13.32	13.16	7.72
Total bargains	17,511	19,285	16,817	21,084	16,362	19,159	22,493
Equity turnover £m.	—	107.01	120.37	136.96	103.22	127.28	139.30
Equity bargains	—	13,937	12,309	14,258	12,548	14,981	18,322

10 am 505.2. 11 am 504.8. Noon 507.4. 1 pm 507.8. 2 pm 507.8. 3 pm 508.1.

Latest Index 01-246 8026.

*Nil=11.80.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5)	60.17 (26/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/5)	61.61 (26/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/8)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 16	Nov. 13
—Daily		
Gilt Edged Bargains	209.2	203.1
Equities Bargains	90.5	79.7
Value	216.3	243.3
5-day Avrge.		
Gilt-Edged Bargains	198.5	201.1
Equities Bargains	88.2	96.1
Value	240.5	280.0

APPOINTMENTS

Vickers board posts

TWO ADDITIONAL directors have been appointed to the board of VICKERS—Mr George Fenn and Mr Michael Windsor. Mr Fenn is chief executive of the motor car group and Mr Windsor chief executive of the engineering products group. The appointments, which become effective on January 1 will make the chief executives of all five Vickers operating groups members of its main board. The groups were formed when the company was restructured following Vickers merger with Rolls-Royce Motors Holdings last year.

★

Mr Brent Gowing has been appointed managing director of JOSEPH FISH AND SONS, and Mr Jocelyn Campbell as managing director of C. DERRICK, trading subsidiaries of CHARLES HILL OF BRISTOL.

★

New chairman of BP CHEMICALS INTERNATIONAL will be Mr M. R. Rendle. A managing director of the British Petroleum Company, he succeeds Mr P. I. Walters on December 1, after the latter becomes chairman of the British Petroleum Company. Mr Rendle joined BP in 1954. He has been a director of BP Chemicals International since 1979.

★

TRUSTHOUSE FORTE (HOTELS) has appointed Mr Alan Minto as regional sales director, Scotland.

★

F. AND R. COOLING, Wellington, has appointed Mr Brian J. Overall as technical sales director.

★

Mr Timothy Sandeman, sixth generation descendant of the founder of Sandeman, has become chairman of SEAGRAM UK.

★

Mr B. V. Abdy, Mr J. S. Barber, Mr R. J. Barry, Mr N. L. Edwards and Mr C. G. Harman have directorships of WINCHESTER BOWRING.

★

Mr Roger Pinnington has been appointed a vice-president of TRW OVERSEAS INC, part of the American company TRW Inc. He was previously managing director of TRW's British subsidiary, Cam Gears, of which he becomes deputy chairman (non-executive). Mr Alan Fletcher succeeds Mr Pinnington as managing director of CAM GEARS.

★

Mrs Jean Denton has been appointed managing director of HERON FLEETS AND LEASING, a subsidiary of Heron Motor Group, from December 1. She jointed Heron Motor Group in 1979 as marketing manager, and was appointed to the board later that year as marketing director. She will continue to serve on the board of Heron Motor Group.

★

Mr David Auty previously technical director of RFF ENGINEERING and RFF DEVELOPMENTS, has become general manager of both companies following the resignation of managing director, Mr Roger Fendley. Mr Auty, who has been with *Yorkshire-based RFF for* eight years, is probably best known for his development of the Autosteer air-powered steering system for trucks and buses.

★

Mr Brian Moody has been appointed director and general manager of the nuclear and general engineering division of FAIREY ENGINEERING. He was technical director of B. and R. Taylor and chief executive of Taylor Hitec.

★

Mr Keith McMullon has been appointed a director of CHARLES FULTON (FOREIGN EXCHANGE).

★

Mr Gordon Burrett has been appointed chairman of the REDUNDANT CHURCHES FUND in succession to Sir David Stephens who will be retiring in December.

★

Sir John Garlick has been appointed a director of the ABBEY NATIONAL BUILDING SOCIETY. *He was permanent* secretary to the Department of the Environment from 1978 until earlier this year.

Mr Eden A. Diver has become managing director of CROSS INTERNATIONAL. He joins from the parent organisation, the Cross Company, Michigan, U.S.

BASE LENDING RATES

A.B.N. Bank	15 %
Allied Irish Bank	15 %
American Express Bk.	15 %
Amro Bank	15 %
Henry Ansbacher	15 %
■ Arbuthnot Latham	15 %
Associates Cap. Corp.	15 %
Banco de Bilbao	15 %
BCCI	15 %
Bank of Cyprus	15 %
Bank of N.S.W.	15 %
Bank Street Sec. Ltd.	16 %
Banque Belge Ltd.	15½%
Banque du Rhone et de la Tamise S.A.	15½%
Barclays Bank	15 %
Beneficial Trust Ltd.	16 %
Bremar Holdings Ltd.	16 %
Bristol & West Invest.	17 %
Brit. Bank of Mid. East	15 %
■ Brown Shipley	15 %
Canada Perm't Trust	15½%
Cavendish G'ty T'st Ltd	15½%
Cayzer Ltd.	15 %
Cedar Holdings	16 %
■ Charterhouse Japhet	15 %
Choulartons	16 %
Citibank Savings	§15 %
Clydesdale Bank	15 %
C. E. Coates	15½%
Consolidated Credits	15½%
Co-operative Bank	*15 %
Corinthian Secs.	15 %
The Cyprus Popular Bk.	15 %
Duncan Lawrie	15 %
Eagil Trust	15 %
E. T. Trust Limited	15½%
First Nat. Fin. Corp.	18 %
First Nat. Secs. Ltd.	18 %
Robert Fraser	15 %
Antony Gibbs	15 %
Grindlays Bank	‡15 %
■ Guinness Mahon	15 %
■ Hambros Bank	15 %
Heritable & Gen. Trust	15 %
■ Hill Samuel	§15 %
C. Hoare & Co.	†15 %
Hongkong & Shanghai	15 %
Knowsley & Co. Ltd.	15½%
Lloyds Bank	15 %
Mallinhall Limited	15 %
Edward Manson & Co.	16 %
Midland Bank	15 %
■ Samuel Montagu	15 %
■ Morgan Grenfell	15 %
National Westminster	15 %
Norwich General Trust	15 %
P. S. Refson & Co.	15 %
Roxburghe Guarantee	15½%
E. S. Schwab	15 %
Slavenburg's Bank	15 %
Standard Chartered	‖15 %
Trade Dev. Bank	15 %
Trustee Savings Bank	15 %
TCB Ltd.	15 %
United Bank of Kuwait	15 %
Whiteaway Laidlaw	15½%
Williams & Glyn's	15 %
Wintrust Secs. Ltd.	15 %
Yorkshire Bank	15 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 13%, 1-month 13.25%. Short term £8,000/12 months 15.60%.
† 7-day deposits on sums of £10,000 and under 13%, up to £50,000 13¼% and over £50,000 14%.
‡ Call deposits £1,000 and over 13%.
§ Demand deposits 13%.
‖ 21-day deposits over £1,000 14%.
¶ Mortgage base rate.

CONTRACTS

£5.5m for Henry Boot

A major redevelopment scheme for Town and City Properties will start next January. The £5.5m scheme is located on a 3.5 hectare site on the eastern side of Market Street and Northgate, Halifax, and has been awarded to HENRY BOOT BUILDING. *It* involves construction of an open precinct shopping centre, shops, stores, kiosks and service areas including pedestrian areas and a combined service/double deck car park.

★

A contract worth about £1¼m has been awarded to BOVIS CIVIL ENGINEERING by the Essex Sewage Division of the Anglia Water Authority for a major extension to Wickford sewage treatment works. This 18 month project involves construction of an inlet to the existing works and aeration facilities. Main feature of the works extension is a set of reinforced concrete aeration tanks measuring some 70 metres x 40 metres overall and 4 metres deep together with *two sludge storage* tanks, one sludge thickening tank, a pumping station and a separate control room alongside.

★

HIGGS AND HILL BUILDING has been awarded a management contract in the region of £5m by Electricity Supply Nominees for alteration and refurbishment work to office premises at 8-10 *Great George Street*, London, SW1. The initial part of the contract will consist of removing all the internal fittings, partitions and finishings prior to the construction of a central core.

★

CORRALL CONSTRUCTION has contracts worth £3.6m covering housing, hospital, office and industrial work. The largest *segment is for housing refurbish*ment and rehabilitation work at the Savona Estate for the London Borough of Wandsworth valued at over £1.54m.

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (11)

CANADIANS (2)
Bank of Nova Scotia, Bell Canada

ELECTRICALS (1)
Nippon Elect.

ENGINEERING (2)
Danks Gowerton, Firth (G. M.)

INDUSTRIALS (1)
Amber Ind.

INSURANCE
Ins. Con. Ireland

PROPERTY (1)
City Offices

SHOES (2)
Footwear Invs., Headlam Sims

OVERSEAS TRADERS (1)
Tozer Kemsley

NEW LOWS (42)

CANADIANS (1)
Massey Ferguson

STORES (1)
Gelfer (A. & J.)

ELECTRICALS (2)
Forward Tech., Wellco

ENGINEERING (5)
Chamberlin & Hill, Jones & Shipman, Christy Bros., Priest. (Ben.), Clifford (Ch.)

INDUSTRIALS (6)
BH Prop., Rockware, CSR, Tilling (T.), Grovebell, Polymark

SHOES (1)
Strong & Fisher

TEXTILES (3)
Montfort, Pickles (W.) A, Pickles (W.)

OIL AND GAS (8)
Brunswick, Moonie Oil, Ceres Res., Ohio Res., Genoa Oil, Warrior Res., Hansa Pet., Woodside

MINES (15)
West Rand, MIM Hldgs., Welkom, Oilmin, Rand Lond. Coal Pr., Pacific Copper, Zambia Copper, Peko-Wallsend, Bougainville, Seltrust A, CRA, West Coast, Kitchener, Western Cont., Metals Exploration

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	80	10
Corpns. Dom. and Foreign Bonds	7	6	60
Industrials	154	371	832
Financial & Props.	72	160	277
Oils	19	51	33
Plantations	1	10	12
Mines	7	97	64
Others	65	48	45
Totals	317	823	1,333

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov 16	Nov 27	Feb 25	Mar 8
Nov 30	Dec 11	Mar 11	Mar 22
Dec 14	Dec 29	Mar 25	Apr 5

For rate indications see end of Share Information Service

Call options were taken out in Tubes, Muirhead, Cable and Wireless, Premier Oil, Royal Bank of Scotland, Lee Cooper, ICL, Palliser Resources, Brown Boveri Kent and Cluff Oil Australia. Puts were arranged in Plessey, BSR, Tozer Kemsley and Millbourn, British Land, Hawker Siddeley, Burmah and Barratt Developments, while doubles were struck in Plessey, Grand Metropolitan, RHM, Imperial, ICI and British Land.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. amount	Times covered	Gross yield
§70	F.P.	30/11	73	70	✠Acaia Jewellery	70	−1	u3.7	2.0	7.[illegible]
—	F.P.	4/12	850	775	✠Asprey	775	—	35.0	3.5	6.[illegible]
168	F.P.	8/1	205	191	Cable & Wireless 50p	192	+1	b6.3	2.0	4.[illegible]
§35	F.P.	—	38	33	✠City Site	35	−1	b0.6	1.3	2.[illegible]
§90	F.P.	4/12	105	95	✠Feedback 10p	95	−5	b3.0	3.0	3.[illegible]
§50	F.P.	9/12	50	42	✠Gr'nw'hCable&Cm.	42	−2	—	—	—
§10½	F.P.	2/12	17	14	✠Humberside El. 1p	15	—	—	—	—
63	F.P.	3/12	78	69	✠JohnstonesP'int 10p	75	—	b4.[illegible]	2.5	6.[illegible]
§87	F.P.	18/12	69	68	✠Sheldon Jones	69	—	u3.5	2.4	7.[illegible]
§62	F.P.	4/12	64	60	✠V.W.	61	+1	bd3.[illegible]	2.3	9.[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price
‡	F.P.	26/10	83½p	81p	Asprey 8¾% Cum. Prf.	[illegible]
¶¶	F.P.	7/12	100½	97	Austin (F.J.) Leyton 11½% Ptly Cnv. Red 1991	[illegible]
100	£10	10/12	64	62	Brooke Bond Leibig 8½% Deb. '87/92	[illegible]
¶¶	F.P.	—	38p	38p	Cater Ryder 4.2 2nd. Cum. Prf.	38p
§33p	F.P.	—	33p	32p	City Site Ests. 10% Cnv. Cum. Red. Prf.	33p
**	F.P.	10/12	12⅛	12	E. Worcs Waterworks 10¾% Rd. Prf. '86	[illegible]
§100	F.P.	—	99¼	92	Hawley Group 12½% Cum. Pref.	94
51p	F.P.	—	53p	52p	Inchcape 5½% Cum. Red. Prf. 1990/2	[illegible]
§100	F.P.	—	101	99	Nat'wide Bdg. Society 16½% Bds (27/11/82)	101
§100	F.P.	—	100½	100	Do. 15¾% Bds (24/11/82)	100
97.29	£25	—	28½	22½	Nova Scotia (Province of) 6¾% Ln 2001	[illegible]
‖£1	F.P.	13/11	102½	100½	Staffs. Pots. 10% Cnv. Cum. Prf.	102
—	—	—	3¼p	½p	Sterling Credit Warrants	[illegible]
100	£10	10/12	12½	12	Tendring H'dred Water 12¼% Rd. Prf. '88	[illegible]

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981 High	1981 Low	Stock	Closing price
14	F.P.	30/10	20/11	20	17	British Benzol	[illegible]
275	125p	13/7	2/12	182	104	BP	[illegible]
20	F.P.	13/11	11/12	25	20¾	Brown & Jackson	[illegible]
182	F.P.	23/10	27/11	191	182	Foseco Minsep	[illegible]
90	F.P.	21/10	26/11	109	90½	Healamat	[illegible]
14	Nil	27/11	6/1	5pm	4pm	Lancaster (D.M.)	[illegible]
126	Nil	2/12	15/1	17pm	9pm	Northern Foods	[illegible]
50cts	Nil	—	—	117pm	103pm	T N T	[illegible]
250	F.P.	22/10	19/11	320	250	Viner's Units	[illegible]
20	F.P.	13/11	15/12	41	33	Websters	40

Renunciation date usually last day for dealing free of stamp duty. *b* based on prospectus estimate. *d* Dividend rate paid or payable on [illegible] capital; cover based on dividend on full capital. *g* Assumed dividend and [illegible] *h* Assumed dividend and yield after scrip issue. *m* Interim since increase [illegible] resumed. *u* Forecast dividend: cover based on previous year's ea[illegible] F Dividend and yield based on prospectus or other official estimates fo[illegible] Q Gross. *T Figures assumed.* ‡ *Cover allows for conversion of sha[illegible]* now ranking for dividend or ranking only for restricted dividends. § [illegible] price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Off[illegible] holders of ordinary shares as a "rights." ** Issued by way of capital[illegible] §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger o[illegible] over. ‖‖ Introduction. □ Issued to former preference holders. ■ All[illegible] letters (or fully-paid). ● Provisional or partly-paid allotment letters. [illegible] warrants. †† Dealings *under special Rule.* ✠ *Unlisted Securities* [illegible] ‡‡ London Listing. ‡ Effective issue price after scrip. † Comp[illegible] Ordinary of 1p and £1 of 10 per cent Loan 1988.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence
Cable and Wireless	192	+ 1	Premier Consolidated	67
Commercial Union	126	+ 4	Royal Insurance	362
GEC	740	+13	Shell Transport	366
ICI	280	+ 4	Thorn EMI	433
Inchcape	290	+ 7	Tricentrol	248
Plessey	327	+ 7	Vaal Reefs	£31⅝

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List.

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence
P. & O. Defd	22	125	− 5	Racal Elec	17	398
Royal Ins	22	355	−18	RTZ	17	453
BOC	20	145	−11	BICC	16	285
ICI	19	276	−10	Cable & Wire	16	191
Brit Home Strs	18	135	− 3	Land Sec	16	321
GEC	18	727	−25	Comm Union	15	122
Plessey	17	320	−17	Thorn EMI	14	427

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Tues., Nov. 17, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon. Nov. 16 Index No.	Fri. Nov. 13 Index No.	Thurs. Nov. 12 Index No.	Wed. Nov. 11 Index No.
1	CAPITAL GOODS (209)	332.07	+0.2	10.45	4.75	11.84	331.52	338.87	339.55	335.83
2	Building Materials (25)	284.90	−0.9	15.65	6.00	7.29	287.51	289.89	288.95	287.67
3	Contracting, Construction (28)	498.85	−1.2	19.10	5.53	6.11	505.05	509.73	509.07	505.65
4	Electricals (30)	1136.05	+1.3	8.03	2.53	15.55	1121.99	1159.75	1168.78	1152.12
5	Engineering Contractors (9)	475.31	−0.5	13.65	5.84	8.64	477.63	480.19	487.14	482.47
6	Mechanical Engineering (66)	184.00	−0.5	11.70	5.97	10.89	184.98	188.82	189.82	186.56
8	Metals and Metal Forming (12)	156.26	−0.7	9.20	7.77	14.84	157.30	161.12	158.47	156.78
9	Motors (21)	88.06	+0.8	—	7.70	—	87.38	88.92	87.75	86.33
10	Other Industrial Materials (18)	347.22	−0.1	9.46	6.51	12.86	347.52	352.04	352.11	350.66
21	CONSUMER GROUP (198)	266.77	—	13.24	6.12	9.32	266.85	272.31	271.58	268.15
22	Brewers and Distillers (20)	267.55	—	16.80	7.25	7.17	267.48	273.73	273.80	270.62
25	Food Manufacturing (21)	267.34	−0.9	15.08	6.34	8.03	269.84	272.38	272.69	270.80
26	Food Retailing (15)	543.30	−0.7	9.49	3.51	12.79	546.86	556.51	561.20	555.09
27	Health and Household Products (7)	357.69	+1.3	8.29	4.28	14.33	353.05	359.59	358.83	353.67
29	Leisure (24)	412.88	−0.7	9.85	5.33	12.60	415.88	422.02	421.17	415.02
32	Newspapers, Publishing (12)	463.90	+0.2	13.29	6.50	10.91	463.05	463.93	459.53	457.09
33	Packaging and Paper (13)	125.84	−1.0	16.39	8.46	7.28	127.14	130.33	130.05	128.79
34	Stores (46)	239.27	+0.9	12.02	5.61	11.15	237.24	244.39	241.38	238.15
35	Textiles (23)	146.50	+0.4	9.05	6.28	15.11	145.88	148.76	148.11	144.64
36	Tobaccos (3)	246.07	−1.0	23.11	10.58	4.98	248.54	254.66	255.64	251.30
39	Other Consumer (14)	251.99	−1.7	6.42	6.89	29.87	256.38	259.61	257.98	257.84
41	OTHER GROUPS (80)	217.68	+0.3	11.15	6.35	11.57	217.11	222.25	222.09	219.66
42	Chemicals (16)	286.56	+1.2	5.56	6.27	30.17	283.25	293.66	295.35	290.79
44	Office Equipment (4)	99.80	—	18.32	8.82	6.53	99.84	102.04	101.23	101.45
45	Shipping and Transport (13)	493.20	−0.5	21.73	7.49	5.48	495.63	503.26	504.23	493.18
46	Miscellaneous (47)	277.41	−0.4	12.51	5.72	9.90	278.41	282.20	282.77	278.81
49	INDUSTRIAL GROUP (487)	282.26	+0.1	11.92	5.64	10.42	282.03	288.10	288.04	284.51
51	Oils (13)	706.44	+0.5	20.18	8.00	5.61	702.03	719.74	722.85	724.07
59	500 SHARE INDEX	316.58	+0.2	13.39	6.06	9.04	316.09	323.18	323.30	320.15
61	FINANCIAL GROUP (119)	252.95	+0.9	—	6.01	—	250.72	256.19	256.40	253.90
62	Banks (6)	266.84	+1.0	33.46	7.06	3.52	264.21	270.02	272.36	269.01
63	Discount Houses (10)	249.33	+0.6	—	8.99	—	247.73	248.94	246.45	248.76
64	Hire Purchase (3)	220.38	−0.9	14.12	8.39	9.81	222.41	223.28	224.76	225.37
65	Insurance (Life) (9)	255.85	+1.4	—	6.25	—	252.20	256.84	256.28	257.16
66	Insurance (Composite) (10)	162.37	+2.0	—	8.25	—	159.26	164.93	166.98	166.45
67	Insurance Brokers (8)	420.02	+0.5	11.00	5.74	12.37	418.07	424.35	424.53	425.88
68	Merchant Banks (13)	152.76	−1.6	—	5.31	—	155.28	156.62	156.39	149.30
69	Property (50)	456.51	+0.6	4.39	3.14	30.71	453.63	461.49	456.42	447.59
70	Miscellaneous (10)	170.70	−0.5	18.82	6.43	6.46	171.49	173.64	173.85	173.07
71	Investment Trusts (110)	282.60	−0.5	—	5.70	—	284.11	288.86	288.76	285.52
81	Mining Finance (4)	230.13	−0.5	14.97	6.15	8.04	231.24	239.22	239.22	238.28
91	Overseas Traders (17)	409.79	—	12.86	7.77	9.50	409.71	405.09	410.27	402.42
99	ALL-SHARE INDEX (750)	302.48	+0.2	—	6.06	—	301.79	308.20	308.52	305.48

FIXED INTEREST

	PRICE INDICES	Tues. Nov. 17	Day's change %	Mon. Nov. 16	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	105.90	−0.13	106.04	—	9.74
2	5-15 years	102.76	−0.59	103.38	—	11.14
3	Over 15 years	104.13	−0.62	104.77	—	12.60
4	Irredeemables	112.21	−0.49	112.76	—	13.50
5	All Stocks	103.96	−0.45	104.44	—	11.18
6	Debentures & Loans	80.16	+0.41	79.83	—	9.91
7	Preference	59.75	+0.06	59.71	—	6.35

	AVERAGE GROSS REDEMPTION YIELDS		Tues. Nov. 17	Mon. Nov. 16
	British Government			
1	Low Coupons	5 years	13.29	13.19
2		15 years	13.58	13.47
3		25 years	13.56	13.46
4	Medium Coupons	5 years	15.44	15.28
5		15 years	15.37	15.25
6		25 years	14.87	14.75
7	High Coupons	5 years	15.32	15.17
8		15 years	15.58	15.49
9		25 years	15.15	15.05
10	Irredeemables †		13.06	13.00
11	Debs. & Loans	5 years	16.20	16.25
12		15 years	16.21	16.28
13		25 years	16.21	16.31
14	Preference †		16.60	16.61

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the const[illegible] is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post [illegible]

FT UNIT TRUST INFORMATION SERVICE

L & C Unit Trust Management Ltd.
The Stock Exchange, London EC2N 1HA 588 2800

L&C Inc. Fund	162.3	167.4	.....	8.96
L&C Intl & Gen Fd	135.6	139.8	.....	1.58

Legal & General (Unit Tst., Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238

Equity Dis.	91.0	98.4	+1.0	4.57
Equity Acc.	127.7	138.0	-1.6	4.57
Gilt	109.1	114.8xd	+0.3	8.36

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114.

Leo Distribution	129.0	136.8	.....	0.42
Leo Accum.	153.2	162.5	.....	0.42

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

Balanced	70.8	76.1xd	-0.7	4.96
Do. (Accum.)	111.1	119.4	-1.1	4.96
Energy Int.	44.5	47.9	-0.4	2.00
Do. (Accum.)	45.1	48.6	-0.4	2.00
Extra Income	57.7	62.0xd	-0.7	9.79
Do. (Accum.)	82.2	88.3	-0.9	9.79
Income	91.2	98.0xd	-1.0	7.42
Do. (Accum.)	150.2	161.5	-1.6	7.42
Int. Technology	79.2	85.1xd	-0.2	0.58
Do. (Accum.)	80.6	86.6	-0.2	0.58
N. American & Gen.	50.3	54.0	-0.4	1.25
Do. (Accum.)	51.2	55.0	-0.4	1.25
Pacific Basin	—	50.0	.....	1.00
Do. (Accum)	—	50.0	.....	1.00
Small Cos. & Recy.	54.8	58.9xd	-0.5	2.94
Do. (Accum.)	57.5	61.8	-0.5	2.94
Worldwide Gwth.	85.3	91.7	-0.6	2.21
Do. (Accum.)	113.8	122.3	-1.0	2.21
Exempt Nov 3	104.9	110.4	.....	8.26

♦Unauthorised. For tax exempt funds only.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044

Capital Fund	94.4	101.5xd	.....	4.08
Income Fund	66.4	71.3	.....	10.51

Prices on Nov. 13. Next dealing day Nov. 30.

For Saturn Fund Mngt. see SIMCO

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

International Funds				
Capital	47.0	50.5	-0.4	2.70
I.T.U.	[illegible]	35.9xd	-0.3	4.43
Select International	348.8	375.0xd	-8.9	1.75
Univ. Growth	88.2	94.8xd	-2.5	0.75
Increasing Income Funds				
High-Yield	52.6	56.5	-0.5	8.80
Select Income	56.2	60.3	-0.6	7.03
High Income Funds				
Gilt & Fxd. Int. Inc.	45.4	47.8	-0.1	13.06
High Return	61.0	65.5	-0.9	9.06
Income	39.9	42.9	-0.4	10.79
U.K. Funds				
Gilt & Fxd. Int. Grth.	50.6	51.2	-0.2	5.05
UK Equity	59.0	63.4	-0.4	4.37
Overseas Funds (z)				
Europe	80.0	86.0xd	-0.3	1.61
Japan	129.3	137.0	+1.3	0.10
S.E. Asia	81.6	87.7	-3.2	0.70
U.S.	116.6	125.3	-2.8	0.75
Sector Funds				
Commodity	127.9	137.5	-3.2	3.35
Energy	134.9	145.0	-2.8	1.33
Exploration Fund (z)	38.2	41.0	-0.9	0.25
Financial Secs.	104.2	112.0	-0.9	2.46
New Technology (z)	46.7	50.2	-0.3	0.25
Fixed-Interest Fund (z)				

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1.

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd.

Barclays Life Assur. Co. Ltd.
252 Romford Rd., E7.

INSURANCE PROPERTY BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

CANADIANS—Continued

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Contd.

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Misc.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

Indian and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ● Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ● Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♠ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. I Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

[illegible]

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

FINANCIAL TIMES

Wednesday November 18 1981

Midland arranges £157m for Nigeria

By Paul Cheeseright, World Trade Editor

MIDLAND BANK has arranged loans worth £157m for the Nigerian state of Plateau. They provide the financial framework for the UK's biggest export package to Nigeria since 1979, when the Nigerian operations of British Petroleum were nationalised.

Balfour Beatty Engineering will be managing contractor for development works in Plateau. These cover water projects, hospital and clinical construction and provision of agricultural equipment.

The loan agreements were signed in London yesterday. The first is a £96m export credit, supported by the Export Credits Guarantee Department. This covers 85 per cent of the cost of goods supplied from the UK.

The interest rate is 7.75 per cent and the loan is repayable in eight years after the commissioning of the development works. The date of commissioning depends on completion of one large and one small dam, which will take up to 3½ years to build.

The second loan is a $116m (£61m) Eurocurrency credit. It covers the 15 per cent of the UK costs not included in the ECGD backed credit, local costs and purchase of goods from countries other than the UK.

It is repayable over eight years, at a rate of ⅝ of a percentage point over the London interbank overnight rate.

The funds are coming from the Midland and an international syndicate of banks. The Midland is having further discussions with the Plateau authorities about financing later stages of the state's development plan.

Contracts for the engineering, construction and equipment not being provided by Balfour Beatty are expected to be signed soon.

The water project involves, in addition to building the dams, the running of water supplies to rural areas. The health part of the package embraces building a hospital and providing satellite clinics. The agricultural equipment needed is mainly tractors, with workshops to maintain them.

World Trade News, Page 6

City Offices rejects bid by Greycoat Estates

BY MICHAEL CASSELL

CITY OFFICES last night rejected a £36.5m reverse takeover bid from Greycoat Estates, which claimed a merger between the two property companies would create "an important new force" in the property development and investment market.

News of the bid knocked Greycoat shares down 7p to 170p, leaving the group with a market capitalisation of £18.7m. City Offices shares rose 21p to 131p, giving it a market value of £35m.

Greycoat has net book assets of £5.7m. This does not reflect a heavy development programme being carried out in partnership with funding institutions. City offices has net assets of £28.9m.

The Greycoat bid comes when the City would not be surprised by a flurry of takeover activity in the property sector. Share performance has been dull but the sector's stability and high average discounts to assets make some companies appear *highly attractive to potential* bidders.

Greycoat, one of the most active developers in central London and still pursuing plans to build nearly 1m sq ft of offices on the south bank of the Thames at Coin Street, revealed the terms of its bid following Monday's 14p leap in the City Offices share price.

Mr Geoffrey Wilson, an executive director of Greycoat, said the company's hand had been forced by the previous day's events but it was hoped talks with City Offices would result in a recommendation for the merger plan. Greycoat has asked for a Stock Exchange inquiry into the pre-bid price movement.

City Offices, however, responded to the bid approach by saying it could not see the merits of the offer for shareholders and it believed the terms "inadequately reflect" the high quality of the company's assets and earnings. Shareholders were advised to take no action at this stage.

Under the terms of the rejected bid Greycoat is offering a share exchange or a share and cash alternative. The choice is four ordinary Greycoat shares for every five in City Offices, valuing the City Office shares at 136p each, or three Greycoat and 157p cash for every five City Offices, putting them at 133.4p each.

Mr Wilson said Greycoat would talk with Legal and General Assurance, which holds a 29 per cent stake in City Offices—acquired from British Land in March 1979—and with Commercial Union, which has a 9.2 per cent stake. The Greycoat terms fairly reflected the underlying value of City Office's assets, he said.

Merger terms, Page 22

Rise of 87% in profit of LBI

By William Hall, Banking Correspondent

LLOYDS BANK International (LBI), the international banking arm of the smallest of Britain's Big Four clearing banks, has boosted its profitability sharply, for the second year running. Its pre-tax profits for the year to September 30 are 87 per cent higher at £120.6m.

Mr Alan Moore, LBI's treasurer, said yesterday about a third of the improvement was due to the 24 per cent decline in the value of the pound against the dollar. However, the bank had also experienced a real growth rate of between 20 and 25 per cent in its assets.

The bank, which operates in 44 countries, had also rigorously controlled its costs while boosting its fee income. Operating costs grew by only 13 per cent while total income, after deducting a 126 per cent increase in bad debt provisions, grew by 32.1 per cent.

The sharp increase in profitability contrasts with the sluggish *performance of many* international banks which are facing fierce competition and declining margins.

The pre-tax return on average total assets increased from 0.89 per cent to 1.12 per cent and the pre-tax return on shareholders funds rose from 24.7 per cent to more than 30 per cent in 1980-81.

The latest profit figures "marked the culmination of a strategy planned two to three years ago to eliminate low earnings activities and focus on things we are good at."

Several unprofitable activities have been axed in the last couple of years. Non-banking operations in Latin America and retail banking branches in France have also been sold off. At the same time LBI has identified the sectors of the international market it wants *to be in and pursued these* activities aggressively to increase its position in areas such as foreign currency export credits and arranging syndicated credits where it is bigger than many of its larger rivals.

The parent company has backed the growth of its international subsidiary by allowing it to retain all its profits and not pay a dividend since 1976.

It would be difficult to improve on the current levels of profitability and the job now was to maintain it at current levels, Mr Moore said.

According to the last balance sheet just over a quarter of LBI's assets are located in Central and South America, 29 per cent in Europe, 16 per cent in North America and 19 per cent in the Middle East, Far East and Africa. Only 10 per cent of group assets are in the UK.

Xerox shows 'thinking typewriter'

BY IAN HARGREAVES IN NEW YORK

XEROX, the U.S. office equipment company, yesterday unveiled the latest piece in its "office of the future" kit—a typewriter which can think and communicate with other office machines.

At the same time NCR, another major U.S. electronics company which specialises in data processing systems for shops, announced that it too was entering the market for automated office products.

Xerox announced four typewriter models whose capability ranges from one able to call *back from its memory and print* out half a page of information, to a fully-fledged communicating typewriter able to store 10 pages of text and to switch that text to and from an office computer or other data-processing terminals. These more sophisticated versions will also offer video-screen editing.

The cheapest model, the Xerox 610, costs $1,430 (£755) in the U.S. and will be available from the first quarter of 1982. Prices were not announced for the more advanced models. Xerox said the four typewriters would be sold in Europe by Rank Xerox.

Xerox intends to produce a family of typewriters capable of being linked into its Ethernet system, which will offer companies their own *internal networks for trans*ferring information between machines. This is the first time Xerox has made a typewriter.

NCR, meanwhile, announced a range of 25 products in its Worksaver range. Prices for the systems vary between $7,795 (£4,100) and $100,000 (£53,000).

Mr William Anderson, NCR chairman, said the company would be a strong contender in the rapidly-growing office automation field because of its worldwide engineering back-up resources.

Initially, NCR will market the Worksaver to larger corporations and to Government departments.

Although expanding rapidly, the automated office market is fast becoming very congested, *with competitors ranging from* small U.S. companies like Wang Laboratories to International Business Machines and International Telephone and Telegraph.

French Treasury man may head Paribas

BY DAVID HOUSEGO IN PARIS

M JEAN-YVES HABERER, the most senior official at the French Treasury is expected to be the new head of Paribas, the international banking and industrial group.

Though officials yesterday declined to confirm his appointment, bankers said he would take over soon after the nationalisation bill has passed through parliament. The former chairman, M Pierre Moussa, resigned last month after Paribas's Swiss offshoot came under the control of a foreign consortium.

As head of the French Treasury and currently president of the EEC's monetary committee, M Haberer is well known abroad and in international finance circles. He is said to be a man with a taste for risk taking, whose appointment would confirm the Government's desire for the continued expansion of Paribas as an aggressive international merchant bank.

M Haberer first made his mark in 1966 when as adviser to M Michel Debré, then Finance Minister, he was responsible for major reforms liberalising the French banking system.

He is considered to be a man of brilliance. He is an Inspecteur des Finances and a graduate of the Ecole Normale d'Administration, the country's elite civil service college.

Acquaintances said yesterday that, like M Moussa, he was a man fascinated by power and was not *by birth a member of* France's Establishment. Some doubt was expressed, however, as to whether he had the qualities required to motivate the large and somewhat demoralised team that Paribas has now become.

M Haberer, 48, has been head of the Treasury since 1978 and spent all his career in government. His appointment is expected to be f ormally announced in December when President Mitterrand is expected to decide on new chairmen for other nationalised banks.

De Lorean president Cafiero resigns

BY JOHN GRIFFITHS

MR GENE CAFIERO has resigned as president and chief executive of De Lorean Motor Company, the Belfast sports-car project on which the British Government has staked £80m. A statement from De Lorean's New York headquarters last night said the resignation would become effective on December 15.

Mr Cafiero, 55, is resigning to spend more time with his family and to pursue other priorities.

The company indicated last night, however, that he would retain a seat on the De Lorean board and that he would also act as an outside consultant to De Lorean. The company would offer no comment as to who might succeed him.

He spent much of his time in Belfast working on the foundation phase of the factory, which is sited on the city's western outskirts.

Mr Cafiero resigned as president of the Chrysler Corporation to take up the De Lorean post in March 1979. He joined the companyl under a five-year contract, whoich was not due to expire until May 15, 1984.

He has been De Lorean's highest-paid officer, at an annual salary of $375,000 (£198,150). Mr John De Lorean, chairman and founder of the company, is entitled to a salary of $298,750 (£157,860). According to the company's filings to the U.S. Securities and Exchange Commission, however, Mr De Lorean has not been paid any salary.

Instead, consulting fees have been paid to De Lorean Manufacturing, the U.S.-based company Mr De Lorean founded in 1975 and which transferred its development work on the car to De Lorean Motor Company itself.

Mr Cafiero's departure from the cetre of *De Lorean's affairs* is the latest of several affecting senior De Lorean management. Last month the company's chief financial officer, Mr James Stark, was placed on indefinite medical leave.

The month previous its vice-president of planning, Mr Bill Haddad, left the company over an alleged memorandum which related to claims of irregularities at De Lorean made by a former secretary. A statement by Sir Michael Havers, the Attorney-General, cleared the company of criminal misconduct.

Since work began on the manufacturing plant about three years ago, Mr Robert Dewey and Mr William Strycker, chief financial officers, have also left the company, as has Mr William Collins, its first chief engineer.

The De Lorean plant itself is in full production. Output this wek climbed to 90 cars a day, about 10 a day more than scheduled. This means about 450 cars a week, worth more than $11m (£5.8m) at retail prices, are leaving the plant destined for De Lorean's 345 U.S. dealers, making the company Northern Ireland's biggest single exporter.

Weather

UK TODAY

CLOUDY in the south, with rain at first. Sunny intervals in the north. Temperatures near normal.

London, SE England
Cloudy, rain at first, some bright intervals. Max 10C (50F).

SW England, S Wales
Rather cloudy, rain spreading from West. Max 11C (52F).

Midlands, N Wales
Sunny intervals, perhaps rain later. Max 10C (50F).

E, NE, NW England, S Scotland
Sunny intervals, a few showers. Max 9C (48F).

SW Scotland, N Ireland
Sunny intervals, scattered showers. Max 9C (48F).

Rest of Scotland
Showers, heavy at times. Max 8C (46F).

Outlook
Unsettled and windy with showers. Becoming colder.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	14	57	L. Ang.†		—	—
Algiers	C	19	66	Luxmbg.	F	2	36
Amsdm.	C	4	39	Luxor	C	25	77
Athens	C	13	55	Madrid	S	13	55
Bahrain		—	—	Majorca	C	18	64
Barclna.	F	15	59	Malaga	C	19	66
Beirut	C	17	63	Malta	S	16	61
Belfast	F	9	48	Mchstr.	F	9	48
Belgrd.	S	4	39	Melbne.	C	17	63
Berlin	F	3	37	Mx. C.†		—	—
Biarritz	S	18	64	Miami†	F	16	61
Bmghm	F	8	46	Milan	C	6	43
Blackp'l	C	9	48	Montr'l†	C	4	39
Bordx.	F	12	54	Moscow	C	−3	27
Boulgn.	R	9	48	Munich	S	3	37
Bristol	C	9	48	Nairobi		—	—
Brussels	R	5	41	Naples	F	13	55
Budpst.	S	5	41	Nwcstl	R	8	46
Cairo		—	—	N York†	F	8	46
Cardiff	F	10	50	Nice	S	14	57
Casbca.	C	24	75	Nicosia	C	19	66
Cape T.		—	—	Oporto	C	17	63
Chicg.†	F	2	36	Oslo	R	3	37
Cologne	C	6	43	Paris	R	6	43
Cpnhgn.	C	4	39	Perth	S	26	79
Corfu	S	15	59	Prague	C	−1	30
Denver†	F	8	46	Rykjvk.	C	−1	30
Dublin	C	10	50	Rhodes	C	15	59
Dbrvnk.	S	11	52	Rio J'o†		—	—
Ednbgh.	F	10	50	Rome	S	13	55
Faro	C	19	66	Salzb'rg	S	2	36
Florence	C	9	48	S'cisco†	R	12	54
Frnkf't	C	1	34	Singapr.		—	—
Funchal	F	22	72	S'tiago†		—	—
Geneva	F	4	39	Stckhm.	C	3	37
Gibrltr.	C	18	64	Strasb'g	C	3	37
Glasg'w	F	10	50	Sydney		—	—
G'rnsey	C	10	50	Tangier	F	23	73
Helsinki	C	2	36	Tel Aviv	C	21	70
H. Kong	C	23	73	Tenerife	S	22	72
Innsbr'k	S	0	32	Tokyo	C	13	55
Invrnss.	F	7	45	Tor'nto†	C	6	43
I.o.Man	F	10	50	Tunis	C	17	63
Istanbul	R	4	39	Valencia	F	17	63
Jersey	C	11	52	Venice	S	9	48
Jo'burg		—	—	Vienna	C	2	36
L. Plms.	S	23	73	Warsaw	S	0	32
Lisbon	C	17	63	Zurich	F	2	36
Locarno	S	6	43	z—1C		at 9 cmf	
London	F	10	50				

C—Cloudy. F—Fair. R—Rain. S—Sunny
† Noon GMT temperatures.

Continued from Page 1

Reagan

including the President himself, that have been interpreted to this effect by many Europeans in recent weeks.

Officials said that the U.S. proposal would, as a first stage, cover missiles with a range of over 625 miles with aircraft to be brought in later. Missiles with a range of jus tunder 625 miles would be "taken into account" though it was not clear how.

Teh Geneva talks are seen by the U.S. at "within the context" of a new round of strategic arms limitation talks, which Washington thinks could begin next spring.

Foreshadowing such talks Mr Eugene Rostow, head of the Arms Control and Disarmament Agency, told Congress this week that new U.S. weapons like the B-1 bomber and the MX missile could be used as bargaining chips.

Prior mobbed

Continued from Page 1

His death brought a plea from Mr Ken Maginnis, one of the official Unionists organising the third force, who said loyalists should not adopt the IRA's methods.

The IRA seems determined to carry on its campaign against the mainly Protestant local security forces. A 55-year-old RUC reservist was shot and seriously wounded as he arrived for work at the Housing Executive offices in Newry. Another reservist died yesterday, seven weeks after being shot outside his home in County Tyrone.

The IRA denies that it is trying to provoke a loyalist backlash and civil war, and says its campaign is directed only at Protestants in the security forces. Mr Bradford, it said, was shot because of his attacks on Republicanism. Other politicians with similar views could also be targets it was pointed out.

Last night Mr Prior met his security chiefs for talks on ways to improve security after the recent events. A deputation of Unionist councillors handed in a letter protesting about the recent Anglo-Irish meetings.

U.S. bond prices

Continued from Page 1

again in the near term, despite yesterday's early setback to the New York bond market. But the outcome of this week's meeting of the Federal Reserve's Open Market Committee will be watched

The sheer size of the Du Pont issue, which matches the *record for a bond issue set by* IBM two years ago, caught the markets by surprise.

Du Pont's offering will be used mainly to finance the company's recent acquisition of Conoco, the large oil company, for which it paid nearly $7bn last summer. The issue will consist of $400m of 10-year notes, *and $600m of 20-year bonds.* The bonds will be of the newly fashionable deep-discount variety, which carry low coupons but are priced well below par and bring the investor a larger capital gain than ordinary bonds. This means the company will probably raise closer to $700m than the $1bn *face value of the package.*

THE LEX COLUMN

Smooth running at Unilever

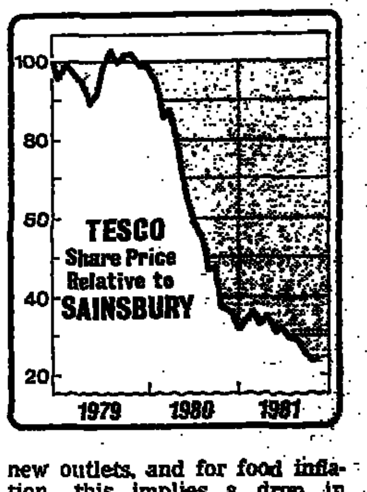
Yesterday's third quarter figures from Unilever failed to generate the enthusiasm which has accompanied other recent quarterly statements. This may be because the latest figures are flattered less by the addition of extra days to the reporting period or by comparison with an exceptionally depressed 1980 quarter. But some of the gloss seems to have rubbed off the Unilever share price since the rerating earlier in the year, and yesterday the shares slipped 3p to 635p.

Yet nothing much has changed in the overall trading picture. Unilever's interests outside North America and Europe are still making the running and probably account for the *bulk* of the 19 per cent improvement in pre-tax profits to £179.3m. The higher sterling cost of raw materials is starting to gnaw away at margins in detergents and edible fats but volume in the consumer products area is surprisingly resilient.

So Unilever must be on target for £700m pre-tax for the full year, after crediting currency gains of about £35m. This leaves the shares on a multiple of about 7½ times fully-taxed earnings, which only looks demanding on an exceptionally pessimistic forecast of consumer spending power in Unilever's mature markets.

The company is about to unveil the new Anglo-Dutch dividend agreement but, whatever its shape, shareholders seem certatin to be fully compensated for last year's embarrassing cut in the PLC final. Yesterday's interim suggests the 1981 final is unlikely to be less than 15.5p, giving a prospective yield of 5.8 per cent.

Index rose 4.6 to 508.3



Tesco

Tesco has abandoned the pile it high, sell it cheap approach in favour of a Sainsbury-style quality image. But the sincerity of the flattery stops short of profits performance. Following the decline of a third a year ago, Tesco has managed to push up interim pre-tax profits by a tiny 6 per cent to £14.6m. The ambitious expansion programme remains a culprit, but this year the level of borrowings, and consequently the interest charges, are under better control; the impact comes through in a 24 per cent jump in the deprecation charge to £10½m.

But the main pressure derives from the disappointing level of turnover, up 8½ per cent over the year. Allowing 5½ per cent for sales through new outlets, and for food inflation, this implies a drop in volume through existing outlets. So while the change in mix—to fresh foods and own label brands—may allow higher *gross margins,* it is clearly not proving a sales panacea.

So Tesco will stay firmly on its profits plateau this year, with perhaps £38m pre-tax. And next? It is taking three or four years for the new stores to move into profit, while the outlook for consumer spending is poor. Tesco, with the change in its advertising image, may be caught at a critical stage by this. And pioneering electronic point of sale equipment has a heavy cost—£7m against profits next year. The shares fell 5p yesterday to 54p, to produce a yield of 7.6 per cent.

Lonrho

As the Monopolies Commission report on Lonrho's bid for the House of Fraser landed on the Secretary of State's desk, Lonrho was tidying up some other *real estate interests* by paying $100m cash for the half of Princess Properties it does not already own. This transaction is not going to do anything for Lonrho's profit and loss account in the short term, but the assets are being acquired at a $55m discount to book value and will therefore, under Lonrho's policy of taking credit for negative goodwill, give a £30m cosmetic boost to reserves.

Laying out $100m—which is equivalent to 3½ times the last two years' retained profits — *must reduce Lonrho's flexibility* with regard to Fraser, unless it has a ready buyer for the whole of Princess Properties. Since Lonrho's share price is 27 per cent below its year's high, and is offering a yield of well over 16 per cent, it will one have to be cash or nothi

Savoy

With the Savoy Hotel first *half* to June sho pre-tax loss of £1.27m £400,000 worse than in t period of 1980, it is just that the second half mance has apparently "marked contrast." Ev is unlikely that July-De will creep into the although the hotels are to be trading at a pro to a pickup in the n foreign visitors and recovery of the dollar sterling, the group have to bear substanti tenance and interest Next year will bring interest savings aft receipt of £8.5m follo *disposal of the Strand* of the Savoy, but time ning out before Tr Forte can relaunch its poaching of the gener ager of the Grosvenor THF's London flags become general manage Savoy is an ironic twi next step could be the a ment by the Savoy a hotel acquisitions, both UK and overseas; th likely to be two dea maybe three.

City Offices

On the lines of Ch Estates' reverse takeove Land, Greycoat Esta rapidly growing "n builder"—is offering st City Offices, a company size but a good de sedate. At last night's price of 170p, down bid values City Offices a share—a 42 per cent to last Friday's price much the sort of level analysts estimate its r *value. The big question* is whether the goodwill coat's share price will this premium.

Greycoat is capital more than three ti stated net worth at the last March, which h more than doubled in thanks to the takeover Cumulus Investment T paper. Yesterday's st seems to hint that t large developments no way give Greycoat a ne not too far off its capitalisation. Pe detail, will doubtless b in the full document will be read with pr attention by Legal and and Commercial Uni holders of 38 per cent Offices.

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V G H